

## SENATE

TUESDAY, MARCH 22, 1932

*(Legislative day of Monday, March 21, 1932)*

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 3237. An act to legalize a bridge across the Mississippi River at Grand Rapids, Minn.; and

S. 3322. An act to transfer certain jurisdiction from the War Department in the management of Indian country.

The message also announced that the House had passed the bill (S. 3706) for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, each with an amendment, in which it requested the concurrence of the Senate:

S. 3282. An act to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco by way of Goat Island to Oakland; and

S. 3409. An act authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 4594. An act to fix the rate of postage on publications mailed at the post office of entry for delivery at another post office within the postal district in which the headquarters or general business offices of the publisher are located;

H. R. 5603. An act to authorize the conveyance by the United States to the State of Minnesota of lot 4, section 18, township 131 north, range 29 west, in the county of Morrison, Minn.;

H. R. 6444. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Alabama Society of Fine Arts the silver service presented to the United States for the U. S. S. *Montgomery*;

H. R. 7518. An act to amend an act entitled "An act extending certain privileges of canal employees to other officials on the Canal Zone and authorizing the President to make rules and regulations affecting health, sanitation, quarantine, taxation, public roads, self-propelled vehicles, and police powers on the Canal Zone, and for other purposes, including provision as to certain fees, money orders, and interest deposits," approved August 21, 1916;

H. R. 7519. An act to amend the Penal Code of the Canal Zone;

H. R. 7520. An act to amend the Code of Criminal Procedure for the Canal Zone;

H. R. 8379. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.;

H. R. 8394. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.;

H. R. 8396. An act to extend the times for commencing and completing the construction of a bridge across the Rock River at or near Prophetstown, Ill.;

H. R. 8506. An act to extend the times for commencing and completing the construction of a bridge across the Mahoning River at New Castle, Lawrence County, Pa.;

H. R. 8548. An act authorizing the adjustment of the boundaries of the Siuslaw National Forest, in the State of Oregon, and for other purposes;

H. R. 8696. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River near Alexandria Bay, N. Y.;

H. R. 8907. An act to authorize the Secretary of the Treasury to acquire land adjoining Lawrence (Mass.) post-office site;

H. R. 8923. An act authorizing transfer of an unused portion of the United States Range Livestock Experiment Station, Montana, to the State of Montana for use as a fish-cultural station, game reserve, and public recreation ground, and for other purposes;

H. R. 9066. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Tenth Street, in Bettendorf, Iowa;

H. R. 9264. An act to extend the times for commencing and completing the construction of a free highway bridge across the St. Francis River at or near Madison, Ark., on State Highway No. 70;

H. R. 9266. An act to extend the times for commencing and completing the construction of a bridge across the St. Francis River at or near Lake City, Ark.;

H. R. 9598. An act to authorize increased expenditures for the enforcement of the contract-labor provisions of the immigration law; and

H. R. 10362. An act to require the approval of the general council of the Seminole Tribe or Nation in case of the disposal of any tribal land.

## CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kendrick	Sheppard
Austin	Davis	Keyes	Shipstead
Bailey	Dickinson	King	Shortridge
Bankhead	Dill	Logan	Smith
Barbour	Fess	Long	Smoot
Barkley	Fletcher	McGill	Steiwer
Bingham	Frazier	McKellar	Thomas, Idaho
Black	George	McNary	Thomas, Okla.
Blaine	Glass	Metcalf	Townsend
Borah	Glenn	Morrison	Trammell
Bratton	Goldsborough	Moses	Tydings
Broussard	Gore	Neely	Vandenberg
Bulkeley	Harrison	Norbeck	Wagner
Bulow	Hatfield	Norris	Walcott
Byrnes	Hawes	Nye	Walsh, Mass.
Capper	Hayden	Oddie	Walsh, Mont.
Caraway	Hebert	Patterson	Waterman
Carey	Howell	Pittman	Watson
Coolidge	Hull	Reed	Wheeler
Copeland	Johnson	Robinson, Ark.	White
Costigan	Jones	Robinson, Ind.	
Couzens	Kean	Schall	

Mr. MOSES. Mr. President, I was requested to announce that the Senator from Maine [Mr. HALE] is detained from the Senate on account of illness. I ask that this announcement may stand for the day.

Mr. TOWNSEND. I desire to announce that my colleague the senior Senator from Delaware [Mr. HASTINGS] is unavoidably detained from the Senate. I will let this announcement stand for the day.

Mr. SHEPPARD. I wish to announce that my colleague the junior Senator from Texas [Mr. CONNALLY] is necessarily absent because of a death in his family.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is absent in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.



## BAY OF SAN FRANCISCO BRIDGE

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 3282) to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco by way of Goat Island to Oakland, which was, on page 1, line 10, to strike out "seven" and insert "five."

Mr. JOHNSON. I move that the amendment made by the House be accepted by the Senate.

The motion was agreed to.

## DESTRUCTIVE STORM IN ALABAMA

Mr. BLACK. Mr. President, in the last few hours a dreadful storm has swept over Alabama and other Southern States. A few moments ago I received a telegram from my native county, which was not mentioned in the original press reports, which telegram states that extensive damage and destruction occurred there.

It is not yet known how many people have been killed or how many people have been injured. According to the last reports I have received, there are more than 100 who are known to be dead and perhaps the number of injured will mount into the thousands. The condition is widespread over the State. Coming at this time, when it is known that desolation and distress are in existence throughout the entire country, it makes the situation far more appalling. It is my information that the Red Cross has already established headquarters in Birmingham and is busy on its mission of universal relief.

At the present time, as I stated, it is impossible to measure or even to estimate the loss of life, the number of injured, or the loss of property. The State of Alabama is shocked by the catastrophe and grieved by this sudden and awful calamity. At this time I do not desire to do anything more than simply invite the attention of the Senate to the tragedy. I have sent messages to Alabama officials, to the Red Cross, and to other citizens in an effort to ascertain if any immediate help other than that which is being supplied is absolutely imperative. If it is, I have not the slightest doubt that the Congress, in line with the humanitarian custom which has grown up through the years, will be ready to act generously and expeditiously.

If additional help should be needed, I shall present an appropriate resolution and I have no doubt as to the action this body will take. At the present time I simply desire to call the attention of the Senate to this widespread tragedy which has brought so much grief and sorrow to the hearts of the people of my State and, I feel, of the people throughout the entire Nation.

Mr. JONES. Mr. President, I desire to express the hope that the catastrophe is not so bad as now indicated, but I am sure the Congress will take whatever action may be necessary under the circumstances.

## AID OF DISTRESSED CITIZENS

Mr. THOMAS of Oklahoma. Mr. President, I would like to have the attention of the distinguished Senator from Pennsylvania [Mr. REED].

Some time ago, more than two months ago, I introduced a joint resolution providing that the War Department should be ready legally to act in an emergency like this. When the joint resolution was introduced I called attention to a situation then existing in my State. I was promised at that time that the measure would have immediate consideration and, of course, I naturally thought immediate attention and report. The joint resolution in time was referred to a special committee. The special committee acted and reported back to the main Committee on Military Affairs. The full Committee on Military Affairs reported the joint resolution favorably; it came before this body for consideration within a day or two; but for some reason it was ordered recommitted to the committee, and it is now slumbering there, I presume, peacefully. I have done as much as I can to get the joint resolution out of the committee

without calling upon the Senate; and at this time, in order that the Senate may pass upon the matter, I should like to ask the chairman of the committee the status of this particular piece of proposed legislation.

Mr. REED. Mr. President, will the Senator from Washington yield?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Pennsylvania for the purpose indicated?

Mr. JONES. I yield.

Mr. REED. The joint resolution to which the Senator from Oklahoma [Mr. THOMAS] refers was recommitted to the Committee on Military Affairs because we received a report from the War Department making it plain to us that the passage of the measure was entirely unnecessary. The War Department in that report, a copy of which I furnished the Senator from Oklahoma, called our attention to the fact that the department is now and has for years past been affording every relief in its power by supplying tentage, blankets, cots, and food in cases where calamities bring suffering and need, and that at the time the Senator from Oklahoma introduced his joint resolution the War Department was actually engaged in rendering such relief in Oklahoma to people in distress there. In Alabama to-day such relief is being extended, if it is needed, and doubtless there are places in which it is needed. The committee, therefore, decided to take no action on the joint resolution because the committee felt that its passage would be entirely unnecessary.

Mr. THOMAS of Oklahoma. Mr. President, if I may say just another word—

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from Oklahoma?

Mr. JONES. I yield.

Mr. THOMAS of Oklahoma. Here is the exact status of this matter: When a calamity happens in the country and an appeal is made to the War Department, if the War Department desires to act it does so; but if it does not desire to act, it sets up the claim that the law prohibits its action. I have word from the Secretary of War in writing that he has to violate the law every time he acts favorably in response to such appeals. I can produce the letter. I do not care to make it public, but if any Senator desires to see it I will produce the letter. In it the Secretary of War states that every time he grants relief in response to an appeal of this kind he is forced to disobey the law, to waive it, and set it aside.

I am not trying to have the Secretary of War do anything contrary to public policy or to extend any relief which is not merited and deserved, but I do want to take away from him the opportunity of making the objection, when he does not see fit to act, that there is a law in the way. I should like to see this joint resolution become a law, Mr. President; and if I can have no assurance that a report will be made upon the measure and that it will be brought before this body, I will enter a motion that the committee be discharged from the further consideration of this particular piece of legislation, and at the proper time I shall call that motion forth.

Mr. REED. Mr. President, I do not see any reason why the committee should reverse its decision; but, of course, the Senator may move to discharge the committee from the consideration of the joint resolution if he wishes to do so.

Mr. THOMAS of Oklahoma. I wish to enter a motion, Mr. President, to discharge the Committee on Military Affairs from the further consideration of the joint resolution (S. J. Res. 80) authorizing the Secretary of War to furnish equipment, goods, and supplies to governors and acting governors for use in aid of distressed citizens.

The PRESIDENT pro tempore. The motion of the Senator from Oklahoma will be entered.

## EXPENDITURES OF CHILDREN'S BUREAU

Mr. BINGHAM. Mr. President, if the Senator from Washington will yield further, I desire to say that on yesterday



I made reference to a statement of the expenses of the Children's Bureau, but I neglected to call attention to the fact that the figures I then gave did not contain the allotment made to that bureau for printing. That item has been furnished me by the department, and amounts to \$70,000, so that the actual cost of the Children's Bureau during the past year has been \$465,000.

In this connection, Mr. President, let me say further that I have received a letter from the Secretary of Labor explaining the activities of the Children's Bureau and the necessity for the appropriation for it, which in all fairness I ask to have printed in the RECORD. Personally, as is well known, I think that the bureau has gone far beyond the scope intended when it was established, at which time it was said that not more than \$50,000 would ever be needed for its purposes, whereas at the present time it is spending nearly \$500,000.

The PRESIDENT pro tempore. Without objection, the letter will be printed in the RECORD.

The letter referred to is as follows:

DEPARTMENT OF LABOR,  
OFFICE OF THE SECRETARY,  
Washington, March 17, 1932.

Hon. HIRAM BINGHAM,

United States Senate, Washington, D. C.

MY DEAR SENATOR: Confirming our conversation of this morning regarding the proposed reduction of \$100,000 in the appropriation for the Children's Bureau, recommended by the Senate Committee on Appropriations in H. R. 9349, I am pleased to give you the following information regarding the work of this bureau:

The regular work of the Children's Bureau includes research in the fields of maternal and child health, child labor, recreation, dependency, and delinquency, and the preparation and distribution of popular and scientific bulletins. This research is of two kinds: One, special studies of particular subjects, usually carried on in particular localities; and, two, the assembling of current statistical information in certain fields covering the entire country or a large number of representative States and communities.

Those engaged in child-health and child-welfare work throughout the country look to the Children's Bureau for reliable information as a basis for planning local and State programs.

Among the special studies now being carried on, the reports of some of which are practically completed, are the following: A study of maternal deaths in 15 States, covering 7,537 deaths, for which histories were obtained by physicians on the staff of the Children's Bureau or of State departments of health, this study having been planned by an advisory committee of physicians and carried on with the approval of State medical societies; a study of the deaths and illness of infants under 1 month of age, being carried on in cooperation with the pediatrics department of the Yale University School of Medicine and the New Haven Hospital; studies of rickets in children, carried on in Washington, New Haven, and Porto Rico; studies of the welfare of children of working mothers; studies of minors injured in industrial accidents; studies of State and county welfare organization and of the prevention and treatment of juvenile delinquency.

The Children's Bureau maintains no permanent field offices, since its work covers the entire country and the nature of its investigations do not ordinarily require that employees remain in any one place for an extended period. This accounts for the large proportion of the bureau's staff which has headquarters in Washington, the employees being sent wherever their services are needed.

Heavy demands are made upon the Children's Bureau by other governmental agencies, and these demands have increased because of needs growing out of the unemployment situation. The bureau is reporting monthly to the President's Organization for Employment Relief concerning relief to families and to transient and homeless persons in many cities of 50,000 and over. These statistics are used by the President's committee and by local organizations as a basis for planning local relief programs. The service is an outgrowth of the social statistics being gathered in 42 metropolitan areas through the cooperation of community chests and councils. Again, at the request of the President's committee, the Children's Bureau has been conducting studies of child welfare in certain areas of extreme depression, especially coal-mining communities, and the facts thus gathered led to the school feeding activities undertaken in several States by the American Friends Service Committee.

Statistics of the trend in child labor in a number of States and communities and of cases dealt with by juvenile courts in nearly 100 communities are compiled regularly.

The bureau publishes each year a summary of State legislation relating to child welfare and is constantly called upon for information as to State laws on various subjects.

Last summer the Attorney General requested the Children's Bureau to cooperate with the Department of Justice in working out a plan for more adequate treatment of juvenile offenders who violate Federal laws. The bureau is now assisting in developing plans which will promote assumption of responsibility for many of these cases by local and State courts and institutions.

The Children's Bureau receives each year an allotment from the Department of Labor appropriation for printing. During the present fiscal year the allotment is \$70,000. Of this amount approximately \$52,000 will be spent for popular bulletins and folders, \$12,000 for new and revised publications, and the remainder for other reprints and miscellaneous printing, including the printing of field schedules and reports of current statistics. It will be seen that most of the printing expense of the Children's Bureau is for the popular bulletins, chiefly Prenatal Care, Infant Care, Child Care, and Child Management. This year the free distribution of these popular bulletins will amount to more than a million copies, and in addition large numbers are sold through the Government Printing Office. The number thus sold in 1930 amounted to 285,741 copies, in payment of which \$15,612.17 was received. The bureau is never able to meet the demand for these bulletins and develops sales as far as possible.

It is necessary for the bureau to exercise the greatest possible economy in connection with its printing. Editions of technical bulletins are limited to not more than 3,000 copies, and these bulletins are never sent out to the mailing list without notices of their issuance first being sent to those on the mailing list. If a response is received to this notice indicating a desire to have a copy, it is furnished so far as the free supply permits. In this way the mailing list is kept up to date and publications are not wasted. All material is carefully prepared with a view to eliminating nonessential matter. Increases in printing costs due to higher rates established by the Government Printing Office have been heavy.

The proposed reduction of \$100,000 in the appropriation for the Children's Bureau would very seriously cripple its work, and I sincerely hope that the amount may be restored by the Senate.

Cordially yours,

W. N. DOAK, Secretary.

#### PETITIONS AND MEMORIALS

Mr. ASHURST presented resolutions adopted by Henry Berry Post, No. 4, the American Legion, of Globe, Ariz., favoring the making of adequate appropriations for the national defense and protesting against any proposal to reduce the appropriations for the War Department, which were referred to the Committee on Military Affairs.

Mr. BARBOUR presented the petition of the executive board of the League of Women Voters of Plainfield and North Plainfield, N. J., favoring international disarmament, which was referred to the Committee on Foreign Relations.

He also presented a petition of 568 citizens of Short Hills and vicinity, in the State of New Jersey, praying that the United States be not involved in the far eastern crisis, which was referred to the Committee on Foreign Relations.

Mr. CAPPER presented a petition of sundry citizens, being ex-service men, of Harvey County, Kans., praying for the passage of legislation providing cash payment of adjusted-service compensation certificates (bonus), which was referred to the Committee on Finance.

He also presented memorials of sundry citizens of Chanute and Kansas City, Kans., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which were referred to the Committee on the District of Columbia.

He also presented petitions of the Ladies' Union of the Christian Church of Stockton, and sundry citizens of Kendall, in the State of Kansas, praying for the maintenance of the prohibition law and its enforcement, and protesting against any measure looking toward its modification or repeal, which were referred to the Committee on the Judiciary.

Mr. JONES presented a memorial of sundry citizens of Port Townsend, Wash., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

He also presented a petition of sundry citizens of Tacoma, Wash., praying for the passage of legislation known as the Dill bill, providing for checking accounts in the postal savings banks, which was referred to the Committee on Post Offices and Post Roads.

He also presented resolutions adopted by the Northwest, West End, Eckington, and Mary Pelbock chapters of the Woman's Christian Temperance Union, all of Washington, D. C., protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States,



and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Woman's Christian Temperance Union of Clear Lake; the Ballard Chapter of the Woman's Christian Temperance Union of Seattle; the Omak Chulow Chapter of the Woman's Christian Temperance Union of Omak, and Everett Lodge, No. 281, I. O. G. T., of Everett, all in the State of Washington, protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

He also presented petitions of sundry citizens of Albion and Wickersham, in the State of Washington, praying for the maintenance of the prohibition law and its enforcement, which were referred to the Committee on the Judiciary.

He also presented a memorial of sundry citizens of Kent, Wash., remonstrating against the proposed repeal of the eighteenth amendment of the Constitution or the resubmission of the prohibition amendment to State conventions or legislatures, which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Thornton, Whitman County, Wash., praying for the maintenance of the eighteenth amendment of the Constitution and the Volstead Act, and favoring the passage of legislation providing that States seeking to nullify the eighteenth amendment of the Constitution be not allowed to have military training camps within their borders, which was referred to the Committee on the Judiciary.

Mr. COPELAND presented several memorials of sundry citizens of New York and New Jersey, remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which were referred to the Committee on the District of Columbia.

#### WORLD DISARMAMENT

Mr. COPELAND also presented a letter from citizens of Syracuse, N. Y., with an accompanying article printed in the Post-Standard of Syracuse, N. Y., of the 15th instant, entitled "For Universal Arms Reduction," which were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

SYRACUSE, N. Y., March 13, 1932.

HON. ROYAL S. COPELAND,

Senate Chamber, Washington, D. C.

DEAR SIR: The Geneva Conference on Disarmament is meeting under peculiarly difficult circumstances. The conflict in the Far East is being used to discourage a general reduction of arms under the belief that had China been as well armed as Japan there would have been no Japanese intervention in Manchuria. Is not the contrary equally true—that had there been an agreement between the nations of the world, Japan and China included, by which all were reducing arms, the Japanese military party would not have ventured on a career of conquest. In other words, if the disarmament conference could have met earlier to carry out the provisions for universal disarmament anticipated in the treaty of Versailles, the world might have been spared the spectacle of two countries in deadly conflict, while their representatives are among the 60 nations met to discuss reduction of arms.

A counterweight to this unhappy situation is the overwhelming expression of popular will to disarm throughout the world, represented by millions of signatures to petitions presented to the disarmament conference from citizens of most of the countries participating, including more than a hundred and fifty thousand from Japan and China.

We take pride in the stand taken by our delegates to the disarmament conference for the policy of universal reduction of arms coupled with abolition of the more frightful means of warfare, and we rejoice that this program has been followed by a majority of nations. We view with misgiving, however, the reluctance of some to join in a determined effort to limit the tools of war.

In our desire to uphold our delegates and to assure them of their country's backing we call upon you, our representative in the Senate, which will have the duty of acting upon whatever measures are adopted at Geneva, to convey to Mr. Hugh Gibson and his associates of the United States delegation our assurance that we are prepared to support them in every reasonable effort to bring about marked and progressive reduction of international

armaments for the purpose of realizing the disarmament provisions of the Versailles treaty and implementing the Kellogg pact.

CHARLES W. ANDREWS.  
DORA G. S. HAZARD.  
WILLIAM E. MOSHER.  
MARION R. FULTON (Mrs. A. C.).  
ANNA M. LUCID (Mrs. M. M.).  
T. AARON LEVY.  
ELIZABETH CANOUGH (Mrs. W. F.).  
ALMUS OLIVER.  
M. LESLEY WEST.  
MARTHA H. PHILLIPS (Mrs. Henry).  
EDWARD N. TRUMP.  
BENJAMIN STOLZ.

[From the Post-Standard, of Syracuse, N. Y., March 16, 1932]

#### FOR UNIVERSAL ARMS REDUCTION

TO THE EDITOR OF THE POST-STANDARD:

May we claim the courtesy of your columns for two open letters? The first is to the Senators of New York State.

GENTLEMEN: The Geneva Conference on Disarmament is meeting under peculiarly difficult circumstances. The conflict in the Far East is being used to discourage a general reduction of arms under the belief that had China been as well armed as Japan there would have been no Japanese intervention in Manchuria. Is not the contrary equally true—that had there been an agreement between the nations of the world, Japan and China included, by which all were reducing arms, the Japanese military party would not have ventured on a career of conquest?

In other words, if the disarmament conference could have met earlier to carry out the provisions for universal disarmament anticipated in the treaty of Versailles, the world might have been spared the spectacle of two countries in deadly conflict, while their representatives are among the 60 nations met to discuss reduction of arms.

A counterweight to this unhappy situation is the overwhelming expression of popular will to disarm throughout the world, represented by millions of signatures to petitions presented to the disarmament conference from citizens of most of the countries participating, including more than 150,000 from Japan and China.

We take pride in the stand taken by our delegates to the disarmament conference for a policy of universal reduction of arms coupled with abolition of the more frightful means of warfare, and we rejoice that this program has been followed by a majority of nations. We view with misgiving, however, the reluctance of some to join in a determined effort to limit the tools of war.

In our desire to uphold our delegates, and to assure them of their country's backing, we call upon you, our representatives in the Senate, which will have the duty of acting upon whatever measures are adopted at Geneva, to convey to Mr. Hugh Gibson and his associates of the United States delegation, our assurance that we are prepared to support them in every reasonable effort to bring about marked and progressive reduction of international armaments, for the purpose of realizing the disarmament provisions of the Versailles treaty, and implementing the Kellogg pact.

CHARLES W. ANDREWS.  
DORA G. S. HAZARD.  
WILLIAM E. MOSHER.  
MARION R. FULTON (Mrs. A. C.).  
ANNA M. LUCID (Mrs. M. M.).  
T. AARON LEVY.  
ELIZABETH CANOUGH (Mrs. W. F.).  
ALMUS OLIVER.  
M. LESLEY WEST.  
MARTHA H. PHILLIPS (Mrs. Henry).  
EDWARD N. TRUMP.  
BENJAMIN STOLZ.

And the second letter:

TO VOTERS OF NEW YORK STATE:

If you are in sympathy with this letter, will you not write briefly, in accordance with the last paragraph, but in your own words, to your Senators, Hon. ROBERT F. WAGNER and Hon. ROYAL S. COPELAND, addressing them at the Senate Office Building, Washington, D. C.? They have no means of knowing your opinion unless you voice it. And this moment is critical for the disarmament conference and for the world.

MARION R. FULTON.

#### PAYMENT OF WORLD WAR ADJUSTED-SERVICE CERTIFICATES

Mr. SMITH. Mr. President, I ask leave to present a petition from the Legislature of the State of South Carolina, and ask that it may be printed in the RECORD and properly referred.

The PRESIDENT pro tempore. Under the rule, all communications from State legislatures are printed in the RECORD. The petition presented by the Senator from South Carolina will be printed in the RECORD and properly referred.

The petition, in the form of a resolution, was referred to the Committee on Finance, and it is as follows:



A concurrent resolution memorializing the President of the United States and National Congress to pass a bill to pay the soldiers of the World War adjusted-service certificates

Whereas, due to the economic conditions and the depression now prevailing everywhere, there is dire need of relief by everyone; and

Whereas the World War veterans are needing help now more than at any time since the close of the war; and

Whereas the amount due the World War veterans for certificates for service on adjusted compensation will assist these deserving soldiers who risked their lives in responding to the call of the United States Government; and

Whereas there is before Congress a bill appropriating the amount due on adjusted compensation to World War veterans: Therefore be it

*Resolved by the house of representatives (the senate concurring),* That Congress be urged to pass the bill and pay the soldiers the amount due them

SEC. 2. That copies of this resolution be sent to the President, Vice President, and Speaker of the National House of Representatives, requesting favorable action.

SEC. 3. That copies be sent to United States Senators E. D. SMITH and JAMES F. BYRNES, and each of the seven Congressmen from South Carolina, with request that speedy favorable action be taken.

IN THE HOUSE OF REPRESENTATIVES,  
Columbia, S. C., March 21, 1932.

I hereby certify that the foregoing is a true copy of a resolution adopted by the house of representatives and concurred in by the senate.

[SEAL.]

J. WILSON GIBBES,  
Clerk of the House.

#### PETITION OF THE VIRGIN ISLANDS CIVIC AND INDUSTRIAL ASSOCIATION

Mr. BINGHAM. Mr. President, I present a petition from the Virgin Islands Civic and Industrial Association and ask that the body of the petition may be printed in the RECORD and the petition referred to the Committee on Territories and Insular Affairs.

There being no objection, the petition was referred to the Committee on Territories and Insular Affairs, and the body thereof was ordered to be printed in the RECORD, as follows:

[The Virgin Islands Civic and Industrial Association (in cooperation with the new civil government of the Virgin Islands to help Virgin Islanders help themselves). Temporary headquarters, 239 West One hundred and thirty-sixth Street, New York, N. Y.]

Petition to the Seventy-second Congress of the United States of America from natives of St. Thomas, St. Jan, and St. Croix, Virgin Islands, United States of America, resident in Continental United States

#### Honorable Congressmen:

Pursuant to the enactment of a law passed by the Senate and House of Representatives of the United States of America in the Fifty-ninth Congress assembled, full rights of citizenship were granted to certain natives of the Virgin Islands, United States of America, on February 25, 1927.

Section 2 (b) of this law reads that all natives of the Virgin Islands of the United States who on January 17, 1917, resided in the United States or Porto Rico, and who are not citizens or subjects of any foreign country, if not ineligible to citizenship, may upon petition filed within one year after the effective date of this act, and upon full and complete compliance of all other provisions of the naturalization laws, be naturalized without making declaration of intention.

It is further declared that all natives of the Virgin Islands, United States of America, residing in foreign countries on January 17, 1917, and on February 25, 1927, be considered "non quota" immigrants.

In defense of this petition, it must be clearly and definitely understood that the 5,000 (more or less) natives resident in the United States classified under section 2 (b) of this act did not take advantage of the "1 year" grant to secure citizenship papers without making declaration of intention because they were totally ignorant of the existence of this particular clause. When Congress granted citizenship on February 25, 1927, it was and is still the belief of at least 90 per cent of the natives resident in the United States that by reason of their failure to appear before a Danish court of record within one year after the transfer they were held to have renounced it and to have accepted citizenship in the United States according to Article VI of the sale treaty.

What is true of natives resident in the United States is also true of natives residing in foreign countries, and as a result Virgin Islanders representing several thousand migrants are now expatriates from the land of their birth. They are denied the privilege of properly cooperating with their kindred and others in the islands and are by every line of reasoning "a people without a flag or country."

The law governing citizenship of Virgin Islanders effective February 25, 1927, in its various ramifications has caused chaos and confusion in that it alienates parent from child and discourages those who are desirous of returning to the islands to participate in its rehabilitation program. This is admitted in the report of Gov. Paul M. Pearson to the President of the United States, recom-

mending that justice be given to all Virgin Islanders by granting full rights of citizenship.

In view of these indisputable facts we hereby petition your honorable body of the Seventy-second Congress assembled, to gratify the expectation, hopes, yearnings, and aspirations of Virgin Islanders by putting into immediate and unhesitating effect a law granting full rights of citizenship to all native-born Virgin Islanders who have not retained their Danish citizenship, and who are not citizens of any foreign country, regardless of where they resided on January 17, 1917, or on February 25, 1927.

Respectfully submitted.

ASHLEY L. TOTTEN, *President.*

ANDREW C. PEDRO, *Executive Secretary.*  
(And others.)

#### REPORTS OF COMMITTEES

Mr. AUSTIN, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2246. An act for the relief of Lawrence Dowling (Rept. No. 438) and

H. R. 2285. An act for the relief of Dock Leach (Rept. No. 439).

Mr. SCHALL, from the Committee on Claims, to which was referred the bill (S. 3477) for the relief of the Playa de Flor Land & Improvement Co., reported it without amendment and submitted a report (No. 440) thereon.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JONES:

A bill (S. 4170) to extend the provisions of the forest exchange act to lands adjacent to the national forests in the State of Washington; to the Committee on Agriculture and Forestry.

By Mr. KEAN:

A bill (S. 4171) for the relief of Martin-Walsh (Inc.); to the Committee on Claims.

By Mr. LOGAN:

A bill (S. 4172) granting an increase of pension to William G. Patton; to the Committee on Pensions.

By Mr. DILL:

A bill (S. 4173) for the relief of Dennis F. Collins; and  
A bill (S. 4174) for the relief of John E. Meehan; to the Committee on Military Affairs.

A bill (S. 4175) granting a pension to Charles T. Kineth (with accompanying papers); to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

A bill (S. 4176) for the relief of Samuel C. Sparks (with an accompanying paper); to the Committee on Naval Affairs.

By Mr. REED:

A bill (S. 4177) to authorize increased expenditures for the enforcement of the contract-labor provisions of the immigration law; to the Committee on Immigration.

By Mr. SHIPSTEAD:

A bill (S. 4178) to amend section 8 of the act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes," approved June 30, 1906, as amended, relating to misbranded foods; to the Committee on Agriculture and Forestry.

By Mr. WHEELER:

A bill (S. 4179) to provide funds for cooperation with the school board at Poplar, Mont., in the completion of the high-school building there to be available to Indian children of the Fort Peck Indian Reservation; to the Committee on Indian Affairs.

A bill (S. 4180) granting a pension to James Conroy; to the Committee on Pensions.

A bill (S. 4181) to provide equipment for Hardin Post, No. 8, American Legion, of Montana, to be used in conducting military funerals at Custer Battlefield National Cemetery, and for other purposes; to the Committee on Military Affairs.

By Mr. DAVIS:

A bill (S. 4182) granting a pension to Leon P. Chesley; to the Committee on Pensions.



AMENDMENT TO EMERGENCY HIGHWAY CONSTRUCTION BILL—  
RELIEF OF UNEMPLOYMENT

Mr. WAGNER submitted an amendment intended to be proposed by him to the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment, which was ordered to lie on the table and to be printed.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 4594. An act to fix the rate of postage on publications mailed at the post office of entry for delivery at another post office within the postal district in which the headquarters or general business offices of the publisher are located; to the Committee on Post Offices and Post Roads.

H. R. 6444. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Alabama Society of Fine Arts the silver service presented to the United States for the U. S. S. *Montgomery*; to the Committee on Naval Affairs.

H. R. 8907. An act to authorize the Secretary of the Treasury to acquire land adjoining Lawrence (Mass.) post-office site; to the Committee on Public Buildings and Grounds.

H. R. 8923. An act authorizing transfer of an unused portion of the United States Range Livestock Experiment Station, Montana, to the State of Montana for use as a fish-cultural station, game reserve, and public recreation ground, and for other purposes; to the Committee on Agriculture and Forestry.

H. R. 9598. An act to authorize increased expenditures for the enforcement of the contract-labor provisions of the immigration law; to the Committee on Immigration.

H. R. 10362. An act to require the approval of the General Council of the Seminole Tribe or Nation in case of the disposal of any tribal land; to the Committee on Indian Affairs.

H. R. 5603. An act to authorize the conveyance by the United States to the State of Minnesota of lot 4, section 18, township 131 north, range 29 west, in the county of Morrison, Minn.; and

H. R. 8548. An act authorizing the adjustment of the boundaries of the Siuslaw National Forest, in the State of Oregon, and for other purposes; to the Committee on Public Lands and Surveys.

H. R. 7518. An act to amend an act entitled "An act extending certain privileges of canal employees to other officials on the Canal Zone and authorizing the President to make rules and regulations affecting health, sanitation, quarantine, taxation, public roads, self-propelled vehicles, and police powers on the Canal Zone, and for other purposes, including provision as to certain fees, money orders, and interest deposits," approved August 21, 1916;

H. R. 7519. An act to amend the penal code of the Canal Zone; and

H. R. 7520. An act to amend the Code of Criminal Procedure for the Canal Zone; to the Committee on Inter-oceanic Canals.

H. R. 8379. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.;

H. R. 8394. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.;

H. R. 8396. An act granting the consent of Congress to the State of Illinois to construct a free highway bridge across the Rock River at or near Prophetstown, Ill.;

H. R. 8506. An act to extend the times for commencing and completing the construction of a bridge across the Mahoning River at New Castle, Lawrence County, Pa.;

H. R. 8696. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River near Alexandria Bay, N. Y.;

H. R. 9066. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Tenth Street in Bettendorf, Iowa;

H. R. 9264. An act to extend the times for commencing and completing the construction of a free highway bridge across the St. Francis River at or near Madison, Ark., on State Highway No. 70; and

H. R. 9266. An act to extend the times for commencing and completing the construction of a bridge across the St. Francis River at or near Lake City, Ark.; to the Committee on Commerce.

PROPOSED TWENTIETH AMENDMENT TO THE CONSTITUTION—  
ADDRESS BY SENATOR WALSH OF MONTANA

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the Senator from Montana [Mr. WALSH] over the radio last night upon the subject of the twentieth amendment to the Constitution.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

On the 3d day of March, in this year of grace 1932, there was transmitted to the Secretary of State, upon the concurrence of the two Houses of Congress, for certification to the legislatures of the various States for ratification in accordance with the fifth article of the Constitution, the twentieth amendment thereto, commonly known as the lame-duck amendment. So responsive is it to popular sentiment that, having passed the Senate with but 7 dissentient votes, and the House with but 56, it was ratified by the Legislature of the staid old State of Virginia even before the resolution of the Congress in the premises had been formally and officially submitted to the body so acting, and like action was promptly taken by the Legislature of the State of New York, just about to adjourn for the session, when the proposal was laid before it. It is singular that these two States should have led in the ratification of this particular amendment, the two in which took place the most searching and decisive debates over the adoption of the Constitution itself.

The amendment is proposed for the correction of at least two major evils incident to our system of government. The election for Members of Congress takes place on the first Tuesday after the first Monday in November of each alternate year, but the terms of the Members elect do not begin until the following 4th day of March on the expiration of the terms of their predecessors at noon on that day, at which time the session of Congress commencing on the first Monday in December preceding automatically comes to an end. Accordingly, a full session of Congress intervenes between the time of the election and the commencement of the terms of all Members elect of the House of Representatives and of one-third of those of the Senate. The result is that Members who have actually been repudiated by their constituents continue throughout a whole session of Congress to represent them.

It is conceivable that though a complete party turnover may have occurred in the November election and the policies of the administration were distinctly disavowed, they could be enacted into law with the approval of the President, who likewise remains in office until the following 4th of March, and who is in a position to execute the policies thus sanctioned in defiance of the will of the people expressed at the polls.

It is from the fact that one of its purposes is to prevent legislation through the votes of Members who have been defeated for reelection that the amendment gets the designation by which it is popularly known, such Members being jocularly known as lame ducks. Some wag classified Members not returning as either "lame ducks" or "rare birds," the latter being those who retire on their own volition, the former those who quit on the insistence of their constituents. As may be imagined, the "rare birds" are far outnumbered by the "lame ducks," though there passed into the first-mentioned class in recent years some Members of the Senate of conspicuous ability.

Senator John Sharp Williams retired a few years since to revel among his books and live the quiet life on his plantation; Jim Reed was lured by the prospect of a lucrative law practice, fully realized, according to current rumor; and HARRY HAWES is about to quit to devote himself to the sport that made Izaak Walton famous and to promote it for the enjoyment of the multitude.

The origin of the term "lame duck" as applied to a defeated candidate for reelection is involved in some obscurity, but it was used in England in connection with a stock-exchange member or broker who was unable to meet his obligations and came into use in America in the way it is now commonly applied as early as the famous contest of 1800, in which the Federalist Party was overwhelmed under the leadership of Jefferson, though it was not extensively applied in the significance now given it until comparatively recent times.

It is a tribute to the disposition of the American people to yield to the judgment of the majority expressed in an election—the vital principle of a republic, as Jefferson expressed it—that the instances have been rare in which a Congress lacking a vote of confidence in the election has sought to enact general legislation, particularly along lines of which the result of the election may fairly be considered as a disapproval. Ordinarily it has been content with the passage of the general appropriation bills and measures to which there is no opposition, or at least such as have no political significance. It is likewise to their credit that they



are not disposed to sanction changes in the Constitution because of embarrassing situations that may arise, and for which no adequate provision is made, but which never have arisen and, so far as existing conditions warrant prediction, are not likely to arise. However, when, after the election of 1922, at which the administration suffered some serious reverses, to which it was generally believed the seating of Newberry materially contributed, President Harding recommended in his annual message the enactment of a ship subsidy law, long a highly controversial measure on which division had been largely on party lines, the late Senator Caraway introduced a resolution, though that was by no means the first attempt in that direction, to effect the change in the Constitution now before the States for ratification. With characteristic wit at the expense of the Committee on the Judiciary, to which it would regularly be sent, he moved that it be referred to the Committee on Agriculture, where it did go and from which a substitute was offered by Senator NORRIS, then chairman of that committee, by whom it has ever since been championed and who has led in the struggle for its adoption. It got no further in that Congress, but being reintroduced in the next was passed by the Senate on March 18, 1924, and sent to the House, where it was ignored. It passed the Senate again in the Sixty-ninth Congress on February 15, 1926, and was then noticed by the House, so far as that it was referred to the appropriate committee, which reported a substitute, on which the House took no action.

It made further progress in that body the next time, for, having passed the Senate again on January 4, 1928, the House committee again reported a substitute which was voted on in the main body but failed for lack of the necessary two-thirds vote. Nothing daunted the Senate, in the next Congress, the Seventy-first, on June 7, 1929, passed the necessary resolution, and reaching the House the next day, it was permitted to remain on the Speaker's table, not even being referred to a committee, until April 17, 1930, when it was referred to the Committee on the Election of President, Vice President, and Representatives in Congress. In the meantime, resolutions having a like purpose had been introduced by House Members and referred to that committee which, on the 8th of April, 1930, reported one of them, the Senate resolution still reposing on the Speaker's table. It was never acted on by the committee to which it was referred, but by unanimous consent was laid before the House when it was amended by striking out all after the enacting clause and substituting the House resolution which had been reported. In this form it passed the House February 24, 1931, and was sent to conference on the very eve of the expiration of that Congress on the succeeding 4th day of March, then only eight days distant. The conferees disagreed, the difference bringing into relief the second major reform to be inaugurated by the amendment.

As proposed by the Senate the Congress would assemble immediately after the first day of January in each year, at which time the terms of the Members elected at the preceding November elections would begin, and they would take their seats. The session would never come automatically to an end except by the arrival of the time for the new session. It could be brought to a close only by agreement of the two Houses, or, in the event of a disagreement between them as to the time of adjournment, by the President. Under the prevailing system, in the even-numbered years that is the condition, yet so harmonious have been the relations between the two branches of Congress thus far that the President has never been called upon to exercise his authority in that regard. But in the odd-numbered years, the Congress comes automatically to an end at noon on March 4.

The result is that there is scarcely a Congress in recent years that has not come to a close with a filibuster in the Senate and a perfect bedlam in both Houses in the strife for consideration of measures, in which the contenders are interested, before the fatal hour of 12 strikes. Meritorious measures are talked to death in the Senate, and worse still, amendments to bills which the body eagerly desires to see passed—often appropriation bills by which funds are provided with which to carry on the necessary functions of government—amendments wholly unjustifiable, are accepted under a threat, diplomatically expressed, to filibuster the bill to its grave unless the proposed amendments are adopted. In the House a tremendous power rests with the leaders, always including the Speaker, to say what bills shall and what shall not have consideration and how much time may be assigned to each.

The House resolution provided that though no limit should be set to the session in the odd-numbered years, it should terminate at noon on the 4th day of May in the even-numbered years. Speaker Longworth, a most unusual thing for him, took the floor in favor of the limitation thus proposed and succeeded in having the House adopt his view. At least it voted for the substitute with the result heretofore indicated, the Senate conferees being confident that with the passage of time their attitude would be vindicated. This proved true, as the resolution again introduced in the Senate by Senator NORRIS on January 4, 1932, was, two days later, passed by that body and sent to the House which, on February 2, had it back from the committee with a recommendation that all after the enacting clause be stricken out and a House resolution of like import be substituted. This was done, and the resolution passed February 16, 1932. The differences being inconsequential, the House no longer standing for a limit to either session, the conferees quickly agreed, and their report was adopted by the House on March 1 and by the Senate on the next day.

I have dwelt upon the details of the more recent history of the effort to institute this reform because it gives to the uninitiated a faint idea of the course most reforms depending upon congressional action must run. When every resource of parliamentary

procedure to which ingenious opponents can have recourse to avert a test is exhausted, the measure is finally carried by an overwhelming vote to which Members may refer to appease constituents doubtful of their fidelity to the favored cause.

Should the amendment be ratified by the legislatures of three-fourths of the States, as is probable, the regular annual session of the Congress will commence at noon on January 3, at which time the terms of the Members elected in November will begin.

At present Members elected in November, though their terms begin on the following 4th of March, do not actually sit, unless a special session is called, until 13 months after their election, during which time new issues, perhaps not thought of by the voters, may have arisen and the circumstances inducing their choice may have undergone a radical change. While it is quite customary for a new President, particularly if he comes in with a politically friendly Congress and succeeds an Executive of different political faith, to call promptly upon his inauguration a special session, experience shows that should the result of the election in the middle of his term be adverse he is most unlikely to assemble Congress in extraordinary session, so that the policies for which the people declared in November can not be enacted for more than a year, a situation that would be regarded as intolerable in countries operating under a parliamentary system in most, if not all, of which the newly elected Members take office forthwith.

Another merit attributed to the change is that the votes for President and Vice President cast in the Electoral College will be canvassed by the newly elected Members of Congress instead of by those whose terms (save for two-thirds of the Members of the Senate) are expiring. Conceivably the party spirit might at some time run so high that a "lame duck" Congress might "count in" a candidate favored by the then dominant party, while the successful contender and the Congressmen elected with him in a landslide could be only interested but helpless bystanders. I say helpless, though the statute under which the Supreme Court is about to determine the right of George Otis Smith to the position of member of the Power Commission equally authorizes a writ of quo warranto to determine the title of a claimant to the office of President of the United States.

The amendment advances the date at which the term of the President and Vice President begins and ends to January 20, the purpose being to bring it as near the date of the assembling of Congress as practicable, having in mind the necessity of counting the votes to determine who shall fill those offices. It was thought that a President who in November had been defeated at the polls should remain at the helm no longer than was necessary to determine who was in fact the successful candidate, the same principle being applied as in the case of Members of Congress.

An incidental result of the amendment will be to abbreviate the terms of all of the officials affected who shall be in office at the time the amendment goes into effect, each retiring on the 3d or the 20th of January, as the case may be, instead of the 4th of March of the year in which his term expires. Out of abundance of caution, the amendment also provides for the case of the death of the President elect before qualifying and for the case of the death of both President elect and Vice President elect, but these provisions are of minor consequence.

The outstanding accomplishments to be expected from the change are the removal of the peril of legislation through the action of officials who, by the acid test of the election, are out of harmony with prevailing sentiment, the avoidance of the defeat of meritorious legislation, and the enactment of measures devoid of merit if not actually harmful in the jam incident to adjournment on a day fixed by law, and finally the more prompt action toward the enactment of legislation dealing with issues involved in congressional elections.

#### PROPOSED ECONOMIC COUNCIL—RADIO INTERVIEW WITH SENATOR LA FOLLETTE

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD an interview of Mr. Charles G. Ross with the Senator from Wisconsin [Mr. LA FOLLETTE] over the radio on the 15th day of March, 1932.

There being no objection, the interview was ordered to be printed in the RECORD, as follows:

Mr. ROSS. Senator LA FOLLETTE, what were the reasons that led you to introduce your bill for the establishment of an economic council a little over a year ago?

Senator LA FOLLETTE. There were numerous reasons, but the most important one is my conviction that we must bring order out of the chaos in our economic life. As a step in that direction I introduced the bill now pending in the Manufactures Committee of the Senate. With intelligent guidance, based on essential economic facts, I am sure that we can secure a measure of planning in our business life. I believe that the unhealthy conditions of 1928 and 1929 would have been remedied and the crash that followed avoided had the people of the United States been aware of the actual state of affairs at that time.

Many of these facts could have been available had we had the machinery for collecting and disseminating them. Indeed, I attempted to bring some of the facts to public attention as far back as the winter and spring of 1928. I submitted to the Senate a resolution calling upon the Federal Reserve Board to check and reduce the enormous amount of brokers' loans being diverted from the Federal reserve system and used for speculative purposes on the stock exchange. I also sponsored a resolution calling for investigation of the problems of unemployment. The resolution on



brokers' loans was never acted upon by the Senate, but the Senate Committee on Education and Labor was authorized to study unemployment and its report revealed that despite the so-called prosperity there was, even at that time, a large number out of employment and that their ranks were constantly increasing. But even after the facts were ascertained there was no official economic organization in the United States which could command public confidence to broadcast them to the country and to point out what they signified as to the future. If we had an official board whose members commanded the respect and confidence of all portions of the population, and which, fortified with the necessary information, would point out the probable trends in economic affairs, I believe that their recommendations and warnings would help to bring a measure of orderly progress into what has thus far been a blind and unguided system.

Mr. Ross. Everybody seems to be talking about planning at the moment. I suppose that Russia's experiment is responsible for this trend of thought. From what you have just said, however, I take it that your council would not be of the type that Russia has set up. Its functions, as I see it, would be primarily to get the facts, digest them, and advise the country of its conclusions.

Senator LA FOLLETTE. The bill is not modeled on the Russian plan. It confers no such powers as that exercised in Russia to determine what industrial activity should go on and what should not. Under its terms the task of the economic council would be to keep itself informed about economic and business conditions and to give careful consideration to the problems affecting the economic life of the country. It would endeavor also to formulate proposals looking to the solution of such problems. If, on the basis of its conclusions, it felt that congressional action was necessary, it would make recommendations for necessary legislation. From time to time, as it deemed advisable, it would submit reports dealing with specific economic problems to the President and make such recommendations to him as it saw fit. Finally it would keep industry informed of its activities and its findings and submit its conclusions and recommendations to all interested groups in our economic life.

Mr. Ross. Does this mean, Senator, that your plan calls for the creation of a new Government bureau for the collection of statistical information? One hears a lot in Washington about the large number of bureaus already in existence. Indeed, it is said by many that all the necessary statistical data about our industrial system are already being collected.

Senator LA FOLLETTE. The plan does not necessarily mean the establishment of a new statistical bureau in Washington. It does mean, however, that there will be created a central organization which will collect, assemble, sift out, and digest such data as are now being collected by existing public and private agencies. At the present time there is no agency in Washington charged with the responsibility of interpreting the data which are being daily collected here and elsewhere. In other words, we have a mass of all sorts of figures, but it is nobody's business to interpret them and to submit their interpretations and recommendations to the public.

Now, this does not mean that the council will not at times have to become the original agency for the collecting of statistical material which is not already available. It must have the power to make first-hand investigations when it becomes necessary. This means that it must be authorized to call for such information as it feels it must have in order intelligently to do its job, and it must have the power to call witnesses and require the submission of essential documentary evidence. What I think would happen in practice is that in most cases the council would secure the cooperation of existing governmental agencies whenever it wanted certain information which was not already at hand.

Here, by the way, I must disagree with what you say about the necessary economic information being already available. In our hearings on the bill for the creation of a national economic council we went into the question as to what information was at hand rather carefully. We called in as an expert witness the chief of economic research of the Department of Commerce and secured from him a rather complete picture of the present state of economic statistics. We learned, for example, that our wholesale price statistics, which are generally considered to have reached a rather high degree of perfection, are really defective in very many respects. As for retail prices, the only data we have are monthly figures on certain foodstuffs and fuels and semiannual figures for certain goods that go into the budget of the wage earner. When it comes to statistics of production, the only real index we have of industrial conditions, we find that our monthly production figures cover only 50 or 60 of the standard commodities. When we remember that the census lists something approaching half a million commodities, the inadequacy of these data becomes evident.

There is a great deal of discussion concerning the stocks of goods on hand and the relation of these stocks to the severity and duration of the depression. One would think that in so vital a field as this we should at least have a fairly accurate picture of the actual facts. Yet, according to expert testimony, all we have is information for certain important world commodities like coffee, rubber, and similar goods, and for the supplies of some 15 or 20 important raw materials that are on hand in certain important market centers. We know virtually nothing about the stocks of these important raw materials that are being held all along the line in the hands of dealers.

In the field of retail trade the extent of available information on stocks on hand concerns department stores, which, after all, do less than 6 per cent of the retail business of the country. And this information is in terms of dollars and not in terms of the commodities stored. We haven't the slightest idea, for instance, how many men's suits, women's dresses, radios, or vacuum cleaners are to-day in the hands of our retail merchants. A similar situation prevails in all of the other branches of economic statistics. It is a sad commentary on our statistical information that in the third winter of the depression we have absolutely no authoritative official figures on unemployment. The only data we have are those collected by the census in 1930 for the country as a whole, and for certain cities in January, 1931.

Likewise, with all the talk we have heard from bankers and others about the need for cutting wages and with all the actual wage cutting that has taken place, we are woefully lacking in any adequate wage statistics. Also, while we are discussing the wages of labor, it is startling that we have no accurate information on the wages which capital is taking in the form of net profits from the point of view of industry as a whole. Furthermore, do you know that we never have had any official estimate of the total national income of the United States and the only authoritative information we have to go on is the estimate of an unofficial agency in 1929.

With the exception of certain data on department and chain stores and mail-order houses, we know little or nothing about how much is being spent in the United States for consumers' goods. We have hardly any figures on installment credit. The figures on the cost of living do not in any way give a true picture of what is happening to the living costs of the people. Existing data are based on a budget made up of a typical family's expenditures in 1918, when few of us had automobiles, none of us had radios, when houses wired for electricity were far fewer in number; in short, when the type of family expenditures was entirely different from what it is to-day.

Mr. Ross. We have heard a lot recently about the Swope plan and the plan of the committee on the continuity of business of the Chamber of Commerce of the United States. These plans, as I understand them, were also conceived for the purpose of bringing about more orderly conditions in the business world. Do you feel that they would accomplish this end as effectively as would the economic council which you propose?

Senator LA FOLLETTE. I do not feel that either of the plans you mention approaches the problem from the right direction. As I understand these plans, their immediate aim is to make it possible for industry to regulate its output so that it can limit its production to the demands of the market; and while the proposal may have merit as an emergency measure in a time like this, as a permanent policy I regard it as absolutely fallacious.

Fundamentally the Swope and chamber of commerce plans are based on the assumption that if the manufacturers of any product could get together through trade associations or similar organizations and agree on trade and cost practices, and were allowed to collect and distribute information on the volume of business transacted, stocks of goods on hand, stabilization of production and stabilization of prices, and all other matters relating to the growth and development of their industry, each manufacturer could know from such information how much of a demand there is for the product of his industry and how much reserve stock is available to meet this demand. With this information, it is said, the individual manufacturer could guide himself as to how much he should produce.

The plan of the chamber of commerce provides for the legalization of contracts whereby the members of a given industry could agree to limit their total output to a certain size and divide their production among them. Realizing that the public must be protected in the event that such contracts are made legal, provision is made for a Government agency which would have the power to abrogate such restrictive agreements when it felt that the public interest so required.

As I have just stated, I believe that adjusting supply to demand is an absolutely wrong approach to a permanent solution of the problem. We must attack the problem from the point of view of increasing purchasing power. It seems to me that the trouble thus far has been that we have not increased the purchasing power of the people as rapidly as we have increased the capacity to produce. Thus we have a vicious circle in which production is limited by purchasing power and purchasing power is limited by production. We bring supply and demand together on a level that leaves a large fraction of our producing power idle. We need to break this vicious circle so that the great body of consumers will be able to buy the products we can produce. In this way we can bring supply and demand together at a point that approaches the full use of our power to turn out goods.

We have created a great industrial mechanism. It must be run so that its benefits will be more generously and widely distributed. My conception of a planned economy is one which will assure an ever-increasing standard of living and an ever-increasing purchasing power for all the people. I am not interested in plans or devices which seek to maintain the status quo in our economic life. Devices designed to preserve the unequal distribution of the wealth now produced will halt the progress of mankind and in the end will retard or prevent recovery.

One of the most significant points brought out in the hearings was the fact that in the years of greatest prosperity there were



22,000,000 people in the United States living at the barest necessity level or below it. Also I was startled to learn that real wages in this country had fallen from 1923 to 1929 except in transportation and building industries. Under such conditions it is more important to make it possible for families now denied their essential needs to secure the necessities and comforts of life than it is to create machinery which makes possible the curtailment of production by agreement.

Mr. ROSS. I notice, Senator, that another difference between your proposed council and that proposed by the United States Chamber of Commerce lies in the fact that the latter provides for a council to be appointed and financed by private industry, whereas yours is a governmental body. Do you feel that this difference is an essential one?

Senator LA FOLLETTE. I believe, Mr. Ross, that a council organized and financed by private industry has inherent weaknesses.

First, no private body would have the power to collect the information which is necessary for formulating effective policies. There are many firms in the United States to-day which will not voluntarily furnish any information to anybody concerning their activities. Indeed, some concerns even go so far as to refuse such information to the departments of the Government. It wasn't so long ago, you know, that the Federal Trade Commission was ordered by Congress to investigate certain phases of the cost of living. In order to find out whether certain prices were out of line, the Federal Trade Commission undertook to look into the investments and profits of a few of the large industries. What happened? The members of one of the industries refused to reveal this information, and through their trade association secured a court injunction temporarily prohibiting the commission from getting these facts. Their argument was that theirs was a manufacturing industry and not engaged in interstate commerce, and that the Federal Government did not have any power to demand information from firms not primarily engaged in interstate commerce.

I believe that such essential information as we should need would to-day be available to a Government body armed with the proper authority. But I want to emphasize that without such authority no agency could get the data we need. And the only agency that could be vested with such power would necessarily have to be governmental.

Secondly, our economic system involves far more than the field of industry. There are so many important factors affecting the economic life of the country which private industry, even if given the power, could not control. Many of these primary factors are wholly within the field of government. For example, there are the banking, monetary, and tax policies, which have a tremendous bearing on economic trends. There are purely governmental functions. There is the problem of Government borrowing and Government expenditure. Nor need I at this time mention the tariff. Each of these vitally affects our industrial activity. Their coordination requires the existence of an officially constituted council. They do not lie within the realm of any private organization.

Finally, I feel that a council organized by the Government is preferable to one set up by private business, because if such a body is to accomplish its purpose its findings and recommendations must have the confidence of the general public. An organization in which the masses of the people have faith and for which they have respect would be far more influential in securing a measure of planned economic activity than would be the case with even the most carefully selected private group of business leaders.

Mr. ROSS. Your last statement interests me greatly. Isn't there the possibility that your council, if appointed by the President, with the consent of the Senate, might become politically minded? Might it not be used, in other words, for promoting the fortunes of the party in power? If the American people should get the feeling that this was so, the pronouncements of a council concerning industrial policy would surely be heavily discounted.

Senator LA FOLLETTE. Yes; such a thing is possible. Personally, however, I have no fears on this score. I have enough faith in our political institutions to believe that we can secure for membership on the council men of courage, integrity, ability, and high purpose, whose sole aim would be the advancement of the common good.

Mr. ROSS. Is it your opinion that the men who are to constitute the council should represent specific groups in the community? Would you have representatives of labor, agriculture, banking, transportation, and similar groups on the council?

Senator LA FOLLETTE. No; I do not feel that the members of the council should represent any particular economic interests. It should be, rather, a body of impartial men who would not be influenced by the desires or interests of any group in making decisions and recommendations. Nevertheless, the members of the council should be thoroughly trained and qualified to consider the problems of agriculture, labor, industry, finance, transportation, and scientific management.

Mr. ROSS. But to do their job effectively, would not these men have to keep in touch with the various economic groups? How would that be accomplished?

Senator LA FOLLETTE. That would not be difficult. The bill specifically provides that the economic council should initiate the organization of councils or associations within the major branches of production, distribution, and finance. These bodies, as I see them, would be highly developed trade associations, representative of all the economic interests of the particular industries or groups

in which they are organized. In an economic world as complex as ours is, no board is competent by itself to prescribe for all of our major industries and how they should be organized. These are problems which the different interests in the various industries must work out themselves. Obviously the problems of the steel industry are widely different from those of agriculture or coal mining. As I picture the practical working of this tie-up, the trade association would serve as the bridge between all the factors in the industries they represent and the National Economic Council. Facts, information, and matters of policy would pass from a given industry to the council by way of its trade association. Conversely, information, suggestions, and recommendations would pass from the council to the various industries and other groups through the intermediary of adequately representative associations.

Mr. ROSS. As I look at the problem of depressions, it seems that the financial aspects of our system are among the most important. I feel that there has been overinvestment and over-expansion along many important lines. Without a more intelligent guidance of our investment policy, I can not see how we can accomplish much along the lines of stability and growth. I fail to see how a national economic council, without power to control investment banking, could keep us from running into another situation similar to that of 1928 and 1929. How would your economic council affect this situation?

Senator LA FOLLETTE. Suppose late in 1928 some authoritative body in Washington had publicly emphasized the fact that there was an excess of private houses on the market. Suppose it had pointed out that construction figures showed an appreciable falling off in the building of new houses. Surely in the light of such warnings people would not have continued investing their hard-earned savings in first and second mortgage real-estate bonds, thus increasing the supply of new capital for speculative building, which continued into 1929.

Or, let us take another case, Mr. ROSS. If the American public had been told on January 1, 1928, that any given industry was 150 per cent overequipped, and that it was running at 80 per cent of normal operation; and if it were told again three months later that this same industry was 160 per cent overequipped and running at 80 per cent; and six months later it was told that the industry was 170 per cent overequipped and still running under normal capacity—do you believe that with such information broadcast through the press and the financial journals the people of this country would have invested their own funds or have borrowed money from the banks to purchase securities for the erection of new plants in that industry? Or do you think that if any banker had on his desk an official statement that a certain industry already had an overcapacity of 100 per cent he would loan money to put up another factory to produce the same products?

I am not one of those who believe that the American people refuse to follow reason. Thus far they have not had the facts upon which to base sound judgment. It has been hit or miss; following this tip or that one. I believe that with the publication of adequate and disinterested information the general public will become sufficiently informed so that they will not swallow misleading statements concerning investment opportunities.

Mr. ROSS. What you have told me is very informative, Senator. Now I should like to ask one final question. What is the present status of your bill for the creation of an economic council?

Senator LA FOLLETTE. It is pending in the Committee on Manufactures of the Senate. The committee has not yet taken action. I hope, however, that there will be an opportunity to discuss the bill on the floor of the Senate before this session adjourns.

#### ANNIVERSARY OF THE BIRTH OF WALTER HINES PAGE

Mr. MORRISON. Mr. President, I request unanimous consent that there may be printed in the RECORD certain letters, remarks, and editorials relating to the commemoration of the seventy-fifth anniversary of the birth of Walter Hines Page, late American ambassador to the Court of St. James.

The celebration of the anniversary of the birth of Mr. Page took place at the little town of Cary, N. C., the place of his nativity.

The matter that I ask to have inserted in the RECORD is brief and consists of, first, telegrams from President Hoover and former Secretary of State Kellogg; second, letters from Senators Simmons and Overman and other Members of Congress and from other distinguished public leaders; third, two short editorials from leading newspapers in North Carolina; fourth, remarks by Lord Grey, former British Secretary of State for Foreign Affairs, and a letter signed jointly by Lord Grey and four former British Prime Ministers, to wit, A. Bonar Law, Lord Balfour, H. H. Asquith, and David Lloyd George, in connection with the ceremonies at the unveiling of a marble tablet in honor of Mr. Page in Westminster Abbey on July 3, 1923; and, fifth, remarks of Dr. W. P. Few, president of Duke University, at the Cary celebration of Mr. Page's birthday anniversary.



Mr. Page was one of North Carolina's greatest sons. His public services, not only as a diplomat during a crucial period but also as an internationally known editor, author, and publicist, were of such tremendous value, and his ability and character so outstanding, that I feel justified in asking that these deserved tributes to his life and career upon the occasion of the seventy-fifth anniversary of his birth may be printed in the CONGRESSIONAL RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,  
Washington, D. C., August 14, 1930.

J. M. TEMPLETON, Jr.,

Chairman Committee Arrangements, Cary, N. C.:

I am glad to learn that the citizens of Cary, N. C., are preparing to celebrate the seventy-fifth anniversary of the birth of my good friend the late Walter Hines Page. He was a great ambassador and a great patriot, whose many public services have contributed permanently not only to better international understanding but also to the causes of education and social advancement in the United States. I am glad of the occasion to express my admiration and affection for him.

HERBERT HOOVER.

Among the messages read on the occasion was one from Frank B. Kellogg, former Secretary of State:

"I am pleased to send to you on this occasion of the ceremonies commemorating anniversary of Walter Hines Page, former American ambassador to the Court of St. James, a high tribute to the services rendered to his country by this distinguished scholar and statesman. During the trying period of the Great War Mr. Page was appointed as American ambassador to London in 1913. And the following year found him confronted with an almost insurmountable task in maintaining this country's true position in the European war. For years Mr. Page worked ceaselessly and fearlessly for his Government until, owing to his health, he was forced to resign his high post. He was a martyr to his country's cause and a hero whose great service will ever be appreciated and whose name will go down in the annals of his country as a noble and faithful servant to a great cause."

UNITED STATES SENATE,  
New Bern, N. C., August 14, 1930.

MY DEAR MR. CHAIRMAN: I deeply regret I am unable to attend the meeting at Cary in commemoration of the seventy-fifth anniversary of the birth of Walter Hines Page and to participate in these exercises as well as express my personal respect, admiration, and pride in the life, achievements, and fame of my college mate and life-long friend.

Mr. Page by reason of his splendid attainments, sterling qualities, and ability achieved not only national but international distinction and eminence as a man and citizen, scholar and author, diplomat, and statesman.

The career and fame of this great son of North Carolina should be cherished with abiding pride not only by the people of his native town of Cary but by his native State and the Nation.

I shall be pleased to have you read this letter and to express my full accord and sympathy with the objects and purposes of the meeting.

I am, with great respect, yours sincerely,

F. M. SIMMONS.

SALISBURY, N. C., July 25, 1930.

Mr. J. M. TEMPLETON, Jr.,

Attorney at Law, Raleigh, N. C.

MY DEAR MR. TEMPLETON: Your letter of the 23d has been received, and in reply I regret to inform you that I will not be able to be present at the celebration of the seventy-fifth anniversary of the birth of Walter Hines Page on August 15. I wish it were possible, for Page was one of the greatest men who have gone forth from this State to serve the Nation and the world, and we should not be true to the best that is North Carolina if we failed to keep alive his memory and forgot the things he fought for so valiantly, so brilliantly, so sympathetically. Many misunderstood him, but now we know that he had a passionate love for North Carolina and its people, and that all that he did and said and wrote was done and said and written to advance their best interest as he saw it.

He was a man of extraordinary ability, possessed of a brilliant mind and far-seeing vision, with a power of expression both keen and charming. Without doubt I think he was the most popular and beloved ambassador we ever sent to the Court of St. James. Great man though he was, when his end approached it was to his well-beloved sandhills that he directed his faltering steps, proof enough of his great love.

His own life is the best testimony to the truth of his statement that each year North Carolina could furnish enough character and brains to run an empire. I am rather fatigued from 10 months' continuous attendance in the Senate, and only this prevents my coming in person to do honor to my old friend and college mate, Walter Hines Page.

Very truly yours,

LEE S. OVERMAN.

ASHEBORO, N. C., August 15, 1930.

J. M. TEMPLETON,

Cary, N. C.:

Regret conditions prevent my presence and personal participation in the exercises and giving expressions of sentiment commemorative of seventy-fifth anniversary of birth of Walter Page, one of the State's ablest and most distinguished citizens.

WILLIAM C. HAMMER.

LAUREL SPRINGS, N. C., July 26, 1930.

Mr. J. M. TEMPLETON, Jr.,

Commercial National Bank Building,  
Raleigh, N. C.

MY DEAR MR. TEMPLETON: I have your favor of July 23 and note what you say with reference to the exercises to be held in Cary, N. C., on August 15, commemorating the services of Hon. Walter Hines Page. I feel that this is a most appropriate thing to do, and if I can think of anything that will be fitting and appropriate I shall be glad to write a short statement and send it to you.

Thanking you for calling this matter to my attention, I am,

Sincerely yours,

R. L. DOUGHTON.

AUGUST 14, 1930.

Mr. J. M. TEMPLETON, Jr.,

Commercial National Bank Building,  
Raleigh, N. C.:

Walter Hines Page was one of the greatest diplomats ever in service of our country. Your celebration is most appropriate at Cary, N. C. Regret can not be present.

CHARLES L. ABERNETHY.

WASHINGTON, D. C., July 31, 1930.

Mr. J. M. TEMPLETON, Jr.,

Chairman Committee on Arrangements,  
Walter Hines Page Celebration, Raleigh, N. C.

MY DEAR MR. TEMPLETON: I thank you for kindly inviting me to be present at the celebration of the seventy-fifth anniversary of the birth of Hon. Walter Hines Page at Cary on August 15 next. I am indeed sorry that another engagement will prevent my being present.

I regard Walter Hines Page as the outstanding statesman of North Carolina since the Civil War. He was certainly one of the few great men of the country in his day. I have often wondered why people of North Carolina have seemed not to understand and appreciate the greatness of this good man. The people do well to honor his memory in the way you have planned.

Sincerely yours,

CHAS. A. JONAS.

WASHINGTON, N. C., August 6, 1930.

Mr. J. M. TEMPLETON, Jr.,

Raleigh, N. C.

MY DEAR MR. TEMPLETON: Upon my return home I find your letter asking me to be present at the exercises to commemorate the seventy-fifth anniversary of the birth of Walter Hines Page at Cary. As an admirer of this outstanding American nothing would give me greater pleasure than to accept this invitation and making a short talk as you suggest, but other engagements made some time ago will prevent.

I am afraid that it has been only recently that North Carolinians have begun to appreciate the magnitude of Walter H. Page. You are to be congratulated on this movement to perpetuate his memory and place his ideals before the people.

With best wishes, I am, sincerely,

LINDSAY C. WARREN.

WARRENTON, N. C., August 12, 1930.

Hon. J. M. TEMPLETON, Jr.,

Raleigh, N. C.

MY DEAR MR. TEMPLETON: I had hoped that I would be able to be present on August 15 to join with you in tribute to the great honor that has come to our State, and to Cary especially, in sharing with the Nation the name and fame of Hon. Walter Hines Page. In honoring him we honor our State, for no man has gone out from among us with greater vision and greater capacity to get the right things done.

With assurance of my best wishes and for a happy commemorating service to one of North Carolina's great citizens, I am,

Sincerely yours,

JOHN H. KERR.

RALEIGH, N. C., July 18, 1930.

Mr. J. M. TEMPLETON, Jr.,

Raleigh, N. C.

MY DEAR MR. TEMPLETON: I have delayed replying to your good letter of July 2 until I could get somewhat more completely in sight of the demands of my schedule for August.

As I told you when we discussed this, it would give me genuine pleasure to have some part in this commemorative celebration. My fondness for several of the living members of the Page family, together with my conviction that Walter Hines Page was one of the greatest men that North Carolina has ever produced, is sufficient to explain my interest. On the other hand, I do not believe that I can possibly reconcile my engagements so as to be here at that time. I have engagements immediately before and



after this date which will take me out of Raleigh, and I frankly do not see how I can be here except at a physical hardship which would be almost unreasonable to undergo. I therefore feel that I must decline this invitation but I do hope that you will understand that I have not done so except upon what appears to me to be the most compelling reasons.

With every good wish and warm personal regards, I am,  
Cordially yours,

O. MAX GARDNER.

ASHEVILLE, N. C., July 31, 1930.

Mr. J. M. TEMPLETON, Jr.,  
Raleigh, N. C.

MY DEAR FRIEND: I wish to thank you for the invitation to be present and to join others in talks on the life of Walter Hines Page.

North Carolina and the whole of America are proud of his great record. I hope to be able to be present, but in the event that I can not be it will afford me pleasure to write a letter as suggested by you.

With best wishes, I remain, sincerely yours,

GEO. M. PRITCHARD.

THE ATLANTIC MONTHLY,  
August 12, 1930.

DEAR MR. TEMPLETON: Walter Hines Page's usefulness to me was so great that I am tempted to think of him more as a friend than as a statesman. He was the only editor I ever knew who could really teach young men his trade. When I left college Mr. Page was kind enough to ask me to come as his assistant, but the Atlantic was at that time too small a raft to keep two afloat, and with infinite regret I determined to paddle my own canoe. But during all the years of his American editorships I went to him frequently for advice and always got it, helpfully and pun- gently.

He had a wonderful way of giving concrete expression to an abstract idea, and he was the only man I ever knew whose modernity was definitely accentuated by intimacy with the classics of Greece. He had a clear conception of history and saw behind all the problems of contemporary life the busy workings of the past. I never knew him too occupied to give help and counsel, and he had the gift—which a man now growing old always can look back upon and appreciate—of inspiring confidence in a boy that he holds his future in his hand.

Of course, his southern birth helped him. He understood the two sections of his country as few men of his generation, and they made him the complete type of American he was. He enjoyed his life to the full and died fighting, as he would have wished. I wish he could have known that years after he had gone the citizens of his birthplace would combine to do him honor.

Yours sincerely,

ELLERY SEDGWICK.

WORLD'S WORK,  
Garden City, N. Y., August 12, 1930.

Mr. JAMES TEMPLETON, Jr.,  
714 Commercial National Bank Building,  
Raleigh, N. C.

DEAR MR. TEMPLETON: It is a pleasure to send you a word in appreciation of Walter Hines Page from the editorial offices of the magazine he founded. Mr. Page had that rare combination of qualities, a humanness that made it possible for him to enjoy the society of the humble and at the same time the greatness that made it easy for him to move in the society of the exalted. Both classes were equally pleased with his understanding and real liking. When Page became ambassador this country lost a great editor, but his services as diplomatic representative of this country were even greater than his usefulness as an editor. We who were his close associates found it hard to give him up.

We are proud to carry on the ideals and the ideas on which World's Work was founded, and we hope that his spirit will continue to live in the magazine for many years to come. First as a subordinate, later as a partner, and always proud in having his friendship, I am particularly glad to send this note.

Very truly yours,

RUSSELL DOUBLEDAY, Editor.

THE UNIVERSITY CLUB, August 2, 1930.

DEAR MR. TEMPLETON: I greatly regret that I can not come to Cary on August 15 to pay a personal tribute to the memory of Walter Hines Page. I am most impressed by the fitness of observing this anniversary. The fact that Walter Page spent his early years in your community should always be an inspiration to good citizenship and the highest personal and political ideals. I realize, perhaps better than most, what his life in Cary meant to him. Among your people he absorbed many of the conceptions and purposes to which he subsequently devoted his life. It was to Cary that in his last illness in England his thoughts constantly returned. His one desire was to return again to the scenes of his childhood, to see once more the places that, in spite of all his wanderings, he still regarded as his home. The world now claims Walter Page as its citizen. In England he is held in an affection that is seldom accorded to one of British birth. These Northern States in which he passed his years of maturity regard him almost as a native son. All these sympathies Page returned, yet in the

deepest recesses of his heart he was a southerner and a North Carolinian. In your anniversary, therefore, I hope Cary will keep this loyalty of Page to his native soil foremost in mind. What the little town of Cary did for him and meant to him should never be forgotten.

Very sincerely yours,

BURTON J. HENDRICK.

GENEVA, SWITZERLAND, September 10, 1930.

J. M. TEMPLETON, Jr., Esq.,  
Raleigh, N. C.

DEAR SIR: I have just received your letter of August 9, inviting my participation in the exercises held by Cary, N. C., in commemoration of the seventy-fifth anniversary of the birth of Ambassador Page on August 15. I very greatly regret that my absence from home precluded my having any part in that tribute to a great representative of our people.

Yours very sincerely,

J. V. A. MACMURRAY.

[Editorial in the News and Observer, Raleigh, N. C., Saturday, August 16, 1930]

#### A DISTINGUISHED SON

When the late Frank Page, Captain Guess, Rufus and Adolphus Jones, and other high-class Christian citizens secured the incorporation of Cary they stipulated in the charter that intoxicants should never be made or sold in that town, and they named it for Mr. Cary, an eloquent temperance evangelist.

Last night the people of that good Wake County town, upon the seventy-fifth anniversary of his birth, paid honor to the late Ambassador Walter Hines Page, who was born in Cary and always kept a warm place in his heart for the place of his birth. Indeed, when he was editor of the State Chronicle he made his residence there and commuted to and from Raleigh. Tributes from President Hoover and other distinguished of the earth were paid to Cary's ablest citizen. These tributes told of his brilliancy as a writer, as a teacher, as an orator, and the great place he occupied in world affairs when he served as ambassador to Great Britain during the administration of Woodrow Wilson. It was a notable occasion in honor of a notable and distinguished son of Wake.

[From the Raleigh Times, August 16, 1930]

#### CARY CELEBRATES ANNIVERSARY OF ITS APOSTLE OF FREEDOM

Cary, home site of the Pages of North Carolina, did well in celebrating the seventy-fifth anniversary of the birth of that one of a famous family who became known to the world at large.

Walter Hines Page's record as ambassador to Great Britain gave and will continue to give rise to controversy, but that he displayed remarkable qualities of diplomacy and that he powerfully affected the relations between the two great English-speaking nations in the time of acute crisis will never be denied. It was charged against Mr. Page, with a good deal of evidence in support, that from the beginning of the World War he was pro-British. But if so, the fact only meant that he saw earlier and more clearly the necessity which more cautious politicians on this side of the water were brought to face in the end. In the difficult period when Great Britain was interfering with American shipping it was he who made possible adjustment after adjustment until the time came for a final pooling of interests.

As a southerner and a man of letters, Mr. Page also showed the quality of being in advance of the times. In his books, articles, and in speeches he preached a new South in the intellectual as well as the industrial sense. In this he shocked at one time the people among whom he had vainly tried to make headway as a journalist in his youth. He preached the righteousness of clear and direct thinking, the elimination of taboos, the forgetting of prejudice. The State that later came to sing his praises was in the middle of the first decade of the twentieth century in a perfect frenzy of resentment of his phrase to the effect that the South was being led among stagnant pools of theology.

It is a major part of Mr. Page's achievements, if little remembered, that he was largely responsible for the fact that the man in the South who has something to say and something to think can now deliver himself of his burden without fear of political or religious lynching.

[Editorial in the Charlotte News, Sunday, August 17, 1930]

#### A GREAT NORTH CAROLINIAN

August 15, the seventy-fifth anniversary of the birth of Walter Hines Page, was celebrated at Cary, his birthplace, with appropriate and fitting tribute to this most celebrated North Carolinian. It is doubtful, to our mind, that the place of Page in history is held in as much distinction in his native State as is its right. His contribution to affairs was made nationally, rather than through participation in State matters alone, and his activities led him far afield from the place of his birth. While remaining essentially a North Carolinian, his life and letters were dedicated to a larger sphere, with the result that his greatness has failed to receive due recognition from the State on which it reflects.

It might prove of benefit for North Carolinians in general to study the life of this man, and to read his letters in published form, in order that his accomplishment and his place in history may be fully appreciated.



## THE LIFE AND LETTERS OF WALTER H. PAGE

(By Burton J. Hendrick, Vol. III, pp. 427-431)

Great Britain has also paid tribute to the man who believed that in acting as her friend and the friend of the allied cause he was best serving his own country and the world. Soon after the publication of the Page biography, the following letter, signed by the Prime Minister of Great Britain, three former Prime Ministers, and a former Secretary of State for Foreign Affairs appeared in the London Times:

"Sir: The publication of the two admirably edited volumes of *The Life and Letters of Walter H. Page* has revealed to the world a personality and a record of achievement, of which, perhaps, only those who came into intimate social and official contact with him during the term of his ambassadorship in this country were already aware.

"In these 'letters' Mr. Page lives again. They give the clearest and widest expression we can ever now hope to receive of his vivid, free-ranging mind and of that mellow integrity of character and abounding humanity which endeared him to us all. More particularly, they show him to have been one of the best friends that Great Britain ever had, and a far-seeing and practical crusader in the cause of Anglo-American cooperation.

"In the difficult period of the war, before the United States had entered it, and when many contentious issues inevitably arose between the British and American Governments, it was Mr. Page's handling of these issues, as much as any other factor, that kept them within the bounds of reason and good temper. Scrupulous, as an ambassador should be in presenting his country's case with all the vigor and persuasiveness at his command, Mr. Page's conduct of the negotiations entrusted to him was informed throughout by his native courtesy, humor, and straightforwardness; by a quick understanding of the nature of the European struggle; and by an intensity of sympathy for the allied cause and of admiration for Great Britain's part in it which was irrepresible. He was the happiest, the most liberated man in Europe when America entered the war.

"For all that Mr. Page contributed toward that supreme development, by smoothing away friction and minimizing and removing difficulties and misunderstandings, this country, no less than his own, owes him an inestimable debt. There must, moreover, be many hundreds of our people who used his services and those of his most efficient staff to inquire after the fate of relatives at the fronts, and who drew freely and gratefully on his exhaustless stock of sympathy, patience, and promptitude.

"There is nothing in Great Britain to mark the fact that Mr. Page lived here for five years as United States ambassador, and that in a great crisis he served his own country and ours, and civilization itself, with a noble competence. We desire to repair that omission. We confidently invite subscriptions to perpetuate a name and services that can never be thought of, on either side of the Atlantic, without deep affection and gratitude.

"We are, sir, etc.,

"A. BONAR LAW.

"BALFOUR.

"H. H. ASQUITH.

"D. LLOYD GEORGE.

"GREY OF FALLODON."

The response from all classes of British life was immediate. The opinion was unanimous that there was only one place in Great Britain for a memorial to Page—that was Westminster Abbey. On July 3, 1923, a gathering which completely filled the ancient structure attended services in memory of the ambassador. A few minutes before this service Mrs. Walter H. Page, the ambassador's widow, and other members of the Page family gathered with the Prime Minister, Mr. Stanley Baldwin, Mr. H. H. Asquith, Mr. Winston Churchill, Lord Lansdowne, and others in the chapter house of the abbey to unveil a marble tablet in Page's honor.

The following remarks were made by Lord Grey:

"The tablet that is to be unveiled to-day is in memory of one whose every word and act in great place were inspired by single-minded and earnest desire to make human freedom, as he saw it realized in democracy, prevail among the nations of the world. Walter Hines Page was an example of the truth that the strongest personalities are the outcome not so much of striving for personal success or fame as of patriotism and of faith in an ideal. His patriotism was of the noblest kind; he loved his country both for what it was and for what he believed it could and would do for the benefit of mankind. His perception of the power of the United States, his belief in its democracy, his absolute and never-faltering trust in the will of its people to do great things and good things for the world were part of his very being.

"Surely it must be a proud as well as a happy thought for his country to remember that it inspired a faith so high in a mind so keen and pure.

"I have spoken first of Walter Hines Page as an American, because that is how, I am sure, he would have wished us to speak of him and to think of him; but it was very near his heart that there should be between his country and ours true knowledge and understanding each of the other; and there is no greater consummation to be wished for in public affairs than that the high and beneficial hopes for the world which he founded upon this should be realized.

"We in this country feel deep gratitude to him; we wish that there should be something to commemorate the sympathy and moral support that he gave us in the greatest crisis of our history. We wish his name to be remembered with regard, with honor, and with affection, as that of one who gave us invaluable help at a

time when our liberty, our very independence even, seemed to be at stake.

"His countrymen who still cherish the names of those who helped the United States years ago in time of trial and peril will find it easy to understand that we here now feel for such men as Walter Hines Page. In all conversations with him I felt—what I am sure many others here who knew him also felt—that there was between him and us a peculiarly close tie of personal sympathy. We felt attached to him by a sense of the same values in public life, by a desire for the same sort of world in which to live, by a kinship of thought, of standards, and of ideals. Therefore, while his resting place is in his own country, which he loved so devotedly, we have wished to have a memorial here to do honor to him and to preserve for those who come after us a record and memory of his life. It is most fitting that the place for this should be Westminster Abbey—where so much that is great and honorable and dear in our history is consecrated—this abbey, which not so very long ago, as time is reckoned in the life of nations, was as much part of the inheritance of his ancestors as of our own. In this spirit I unveil the memorial and ask the dean to accept it."

Lord Grey then unveiled the tablet, which bears the following inscription:

"To the glory of God and in memory of Walter Hines Page, 1855-1918, Ambassador of the United States of America to the Court of St. James, 1913-1918. The friend of Britain in her sorest need."

W. P. Few, president of Duke University, speaking August 15, on the seventy-fifth anniversary of the birth of Walter H. Page, at Cary, N. C.:

"When I first knew Mr. Page he was editor of the *Atlantic Monthly* and lived in Cambridge, Mass., not far from the campus of Harvard University, where I was a student in the graduate school. I was a good many times a guest in his home and was the recipient of many courtesies at his hands, both then and in later years. He procured for me, through Mr. Scudder, the opportunity to edit a book for the old Houghton Mifflin Co., an opportunity which I did not avail myself of, for I had then come to Durham and had already renounced my ambition for a scholar's career in the interest of building educational institutions and causes in this part of America, which appealed strongly to me just as it appealed to Mr. Page.

"I give this detail because it is typical of Mr. Page. He was always helping young and struggling men and women, and though a true American and before the end a distinguished world citizen, he had a lifelong interest in the Southern States, and particularly his native State of North Carolina. You therefore do well here in the community where he was born to cherish and make much of his memory, his example, and his world-wide fame. It is Cary's crown of glory; it is one of North Carolina's chief glories to have given Walter H. Page to the Nation and to the world.

"Our people did not always understand him. He had that rarest sort of love for his people that made him willing to tell them disagreeable truths and take the consequences. This is still the acid test of a man—'If you can talk with crowds and keep your virtue.' Mr. Page had this courage to an extraordinary degree, and we now know well that this was a chief element in his greatness. And if enough of us will follow his example, it will make us great as a Commonwealth, just as it made him great as a man.

"He was once a student in Trinity College (since 1924 a part of Duke University) and he was not satisfied with it. When I knew him in Cambridge he and I both had particular interests in the English department at Harvard. I know he was not satisfied with that. If he were this autumn entering Trinity College or Harvard College he would not be satisfied with either. He was too much influenced by the 'beautiful idealisms of excellence' ever to be satisfied with anything that had been handed down to us from the fathers, believing as he did that there was some better thing provided for us and 'that they without us should not be made perfect.'

"We at Duke University join you of his native place in honor and gratitude for Walter Hines Page, one of the greatest men our State has ever produced. We want one of our new buildings at Duke forever to bear the name of Page, in Walter Page's memory and in memory of noble young Allison Page, his nephew, and the first of our undergraduates to give his young and beautiful life on a battle field in France, moved by the same impulse that moved Mr. Page himself to give his life for what they each alike counted the high causes of mankind."

## REMARKS OF THE PRESIDING OFFICER, J. M. TEMPLETON, JR.

My fellow citizens, we are gathered to commemorate the seventy-fifth anniversary of the birth in this community of that distinguished American and representative of the English-speaking race, Walter Hines Page.

Perhaps it is not inappropriate to mention that during this year the western world is memorializing the bimillennial anniversary of the birth of the great poet Virgil, and in our own State recently the one-hundredth anniversary of the birth of that great North Carolinian, Zebulon Bayard Vance, was observed with fitting exercises.

Further inducement for this occasion is found in the great inquest conducted this year in the fourteenth decennial census, the results of which are just being announced, which shows that North Carolina, with no natural resources discovered like gold or oil, had the unrivalled growth in population of more than 610,000



people, with corresponding advantages and assets. Mr. Page as the herald and evangelist of popular education deserves as much credit as anyone for this great record. His memorable utterance, "All wealth is but the creation of man, and he only creates it in proportion to the trained uses of the community, so that the more men we train the more wealth may everyone create," was the platform of this achievement.

And finally, my friends, let us find warrant for this occasion in these words of Mr. Page's accredited biographer, Mr. Burton J. Hendrick, "I realize, perhaps better than most, what his life in Cary meant to him. Among your people he absorbed many of the conceptions and purposes to which he subsequently devoted his life. It was to Cary that in his last illness in England his thoughts constantly returned. His one desire was to return again to the scenes of his childhood to see once more the places that, in spite of all his wanderings, he still regarded as his home. The world now claims Walter Page as its citizen. In England he is held in an affection that is seldom accorded to one of British birth. These Northern States in which he passed his years of maturity regard him almost as a native son. All these sympathies Page returned, yet in the deepest recesses of his heart he was a southerner and a North Carolinian."

#### APPROPRIATIONS FOR DEPARTMENTS OF STATE, JUSTICE, ETC.

The Senate resumed the consideration of the bill (H. R. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes.

Mr. DICKINSON. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from Iowa?

Mr. JONES. I yield.

Mr. DICKINSON. I should like to inquire who made the motion to recommit the appropriation bill now pending before the Senate.

The PRESIDENT pro tempore. The motion was made by the Senator from Tennessee [Mr. McKellar].

Mr. DICKINSON. I should like to offer an amendment to that motion.

Mr. JONES. I have not asked that the motion be laid before the Senate. I want to have that done, however, as soon as possible.

Mr. DICKINSON. I should like, for the information of the Senate, to present my proposed amendment at the present time.

Mr. JONES. If no one else desires to interrupt, I ask that the motion to recommit may be laid before the Senate.

The PRESIDENT pro tempore. That is the pending question.

Mr. JONES. That is the pending question.

Mr. DICKINSON. I move to amend the motion of the Senator from Tennessee by adding the following:

And that all bills making appropriations for the fiscal year ending June 30, 1933, shall be reported by the Committee on Appropriations to the Senate with a reduction of 10 per cent below the amount carried by such bills as passed by the House, and that all amendments offered on the Senate floor which would have the effect of increasing the total in excess of said amount shall be subject to a point of order.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. JONES. I yield.

Mr. ROBINSON of Arkansas. What the Senator from Iowa proposes can not be done—

The PRESIDENT pro tempore. A portion of the amendment would be contrary to the rules.

Mr. ROBINSON of Arkansas. It would be a violation of the rules and work a change of the rules without the customary procedure.

The PRESIDENT pro tempore. The present occupant of the chair will hold that a portion of the amendment can not be entertained, as it is in violation of the rules. The question is on agreeing to the motion offered by the Senator from Tennessee.

Mr. McKellar. Mr. President, what was done with the amendment offered by the Senator from Iowa?

The PRESIDENT pro tempore. A certain portion of it the Chair declined to entertain, inasmuch as it involves an amendment to the rules.

Mr. DICKINSON. Mr. President, in view of a decision of the Chair, I move as an amendment to the motion of the

Senator from Tennessee that all appropriation bills reported to the Senate by the Senate Appropriations Committee shall be reported at a figure 10 per cent below the amount carried by the bills as passed by the House.

Mr. McKellar. I have no objection to that, and will accept it as a part of my motion.

The PRESIDENT pro tempore. The Chair will state his understanding of the parliamentary situation. The Chair understands the Senator from Tennessee to have accepted the suggestion of the Senator from Iowa with reference to the wording of the motion—

Mr. McKellar. If it is not subject to a point of order, I have no objection to it.

The PRESIDENT pro tempore. The last amendment suggested by the Senator is not subject to a point of order. It applies, as the Chair understands, to all appropriation bills hereafter reported, so that there are two—

Mr. McKellar. That is what I understand the Senator from Iowa to propose.

Mr. DICKINSON. I propose that the amendment shall apply to all appropriation bills for the fiscal year ending June 30, 1933.

The PRESIDENT pro tempore. So that there is a divisible question before the Senate if any Senator wishes to have it divided.

Mr. JONES. Mr. President, I thought I had the floor.

The PRESIDENT pro tempore. The Senator from Washington has the floor.

Mr. JONES. As I understand, the proposition now is to make the motion of the Senator from Tennessee apply to every appropriation bill during the remainder of the session?

Mr. McKellar. Every appropriation bill that may be considered hereafter during the session.

Mr. JONES. And including the pending bill.

The PRESIDENT pro tempore. The Chair understands the motion before the Senate now to be the motion of the Senator from Tennessee, to the effect that the pending bill is to be recommitted to the committee with instructions to reduce the appropriations 10 per cent below the aggregate of the figures contained in the bill as it came to the Senate from the House, and that all appropriation bills hereafter reported shall contain a similar reduction.

Mr. BINGHAM. Mr. President, will the Senator yield to me?

Mr. JONES. I yield.

Mr. BINGHAM. Mr. President, I hope the motion will be divided, for the reason that if it should be adopted in its present form it would affect the second deficiency bill, and it might be absolutely impossible to apply the motion to that bill.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Washington yield?

Mr. JONES. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, there is a practical consideration which I think ought to be looked at by the Senate in dealing with the amendment proposed by the Senator from Iowa. The House of Representatives has not as yet passed several of the other appropriation bills. That body is reducing the appropriations very substantially, and it is my impression that the process of reduction there is likely to be accentuated and is certain to be continued. For that reason, I am going to suggest to the Senator from Iowa the propriety of withdrawing the amendment he has proposed. We can not deal with a bill that has not reached the Senate; it is a parliamentary impracticability to provide now that, no matter what reductions the House may make in future bills, we propose automatically to reduce them 10 per cent without any further consideration.

Upon mature thought, I do not believe the Senate should enter into such an arrangement; I think it will prove detrimental in the long run and obstructive.

The PRESIDENT pro tempore. The Chair will state that, technically, the suggestion of the Senator from Iowa has passed out of that Senator's hands and is now in the hands of the Senator from Tennessee, having been made a part of his motion.



Mr. McKELLAR. Mr. President, will the Senator from Washington yield to me?

Mr. JONES. I yield.

Mr. McKELLAR. I see the force of the objection that has been raised. When the matter first came up it struck me in this way: I expected to make the motion to recommit with reference to each appropriation bill as it came up, and I thought, Why take several bites at the same cherry. However, upon reflection, I am inclined to believe that it will be better if the course I desire to take were taken as to each individual bill. Of course it would not do so far as deficiency appropriations are concerned, and furthermore it would not do for us to anticipate the action of the House. For that reason I am going to ask to further amend my motion by striking out the amendment which has been offered and accepted.

Mr. DICKINSON. Mr. President, will the Senator from Washington yield?

Mr. JONES. I yield until we can have this matter straightened out.

Mr. DICKINSON. Mr. President, I simply wanted to show the folly of the method of procedure which the Senate is adopting by recommitting appropriation bills with a certain yardstick with reference to reductions. If it is good for one bill, why is it not good for all; and if it is good for the committee, why is it not good for the Senate? It is for that reason that I wanted to make it permissible to raise a point of order when an amendment was offered which would have the effect of increasing the appropriations contained in the bill above the 10 per cent limitation.

As a matter of fact, I voted against the other motion to recommit, and I expect to vote against the pending motion to recommit. I do not believe it is the proper thing for the Senate to do. In my judgment, if there are any items in this appropriation bill that ought to be reduced, the Senate ought to have the courage to study the bill and reduce them on the floor, and not turn the bill back with a 10 per cent blanket clause for reduction.

Mr. President, I withdraw my amendment to the amendment.

The PRESIDENT pro tempore. With the consent of the Senator from Iowa, the Senator from Tennessee modifies his motion so that the question before the Senate is the question of recommitting the bill with instructions.

Mr. JONES. Mr. President, I am going to take just a little of the time of the Senate. I desire to call attention to what the Senate is proposing to do. Of course, if the Senate desires to do that thing, and considers it well to do it, it is all right with me. I am a Senator just the same as anybody else here, and I am no more responsible than any other Senator, except as I have charge of the bill that the Senate is considering.

What is it proposed to do? It is proposed to take an appropriation bill and send it back to the committee and direct the committee to report a bill carrying a total that is 10 per cent below the total amount carried by the bill as it passed the House of Representatives. In other words, the Senate says that all of the amendments of the Senate committee are set aside, and the Senate will take this bill as it passed the House, cut down by 10 per cent. If the Senate desires to do that in the face of what has been done with regard to this bill, that is for the Senate to determine.

How has this bill been handled so far?

In the first place, all the items in the bill have been considered by the department that is primarily interested, and that probably knows more about the details of the various items than any other part of the Government. Then the items have gone to the Budget Bureau; and the Budget Bureau, as I understand, in connection with the department, has considered every item very carefully, and has cut out some and accepted others and finally agreed upon what it felt it should refer to Congress.

This estimate by the Budget Bureau, concurred in by the department, has come to the House of Representatives, a coordinate branch of the Government. What action has it taken? What has it done in regard to this bill? Has it

acted hastily? Has it taken these items and said, "These items must be reduced, regardless of the merits"?

The House of Representatives has referred this bill to its committee. Its committee has gone over every item in the bill. It has investigated every one of them, as the hearings will show. It has passed upon the reasons for the item and has passed upon the reasons against it. It has had before it the representatives of the department, who know more about each item than anybody else. It has accepted some; it has rejected others. It has lowered many; and then the committee has reported the result of its consideration to the House.

That does not end the matter. The bill has been considered by the House of Representatives one item at a time. Paragraph by paragraph it has been discussed and finally acted upon by the House of Representatives.

Then the bill has come to the Senate. It has been referred to the Committee on Appropriations. What was the conduct of that committee?

In the first place, we have made it a rule to ask each department whether or not the bill as it has passed the House is satisfactory or whether there are any objections, whether anything can be cut out, whether it can be reduced in any way. Here is a copy of the letter sent to the committee by the Secretary of State in reply to a letter to him. I hope Senators will pay attention to this:

I thank you for your letter of February 19, 1932, asking me to indicate the changes which I think absolutely necessary and my reasons for such changes in the bill (H. H. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year June 30, 1933.

In regard to the hope you express that I can point out some items in the House bill that can be omitted or further reduced—

I expressed that hope in the letter to the Secretary of State—

I desire to say that I fully appreciate the necessity for reducing appropriations under present conditions as far as may be done consistently with the public interest. It was in this spirit that the estimates for the Department of State for 1933 when submitted to the Bureau of the Budget showed a reduction of nearly \$1,000,000 below the amounts requested by those in immediate charge of the various activities of the department.

In other words, the request of those who were especially interested and especially acquainted with these various matters was taken by the Department of State itself and cut down nearly a million dollars.

In collaboration with the Bureau of the Budget a further reduction of over a million dollars was made. The House of Representatives has made a still further reduction—

They have made it as we propose to make it. They have not made this reduction simply by an arbitrary cut. They have made the reduction, as I said a while ago, by going over, item by item, all of the proposed appropriations.

The House of Representatives has made a still further reduction of \$1,492,212.77, so that the amount carried by the appropriation bill now pending in the House of Representatives is \$3,174,214.22 below the amount appropriated for the current year. While I have every desire to cooperate with the Congress to the fullest extent, I do not feel that in justice to the responsibilities resting upon this department and the Foreign Service I can suggest further reductions. On the contrary—

This is a responsible official of the Government, the head of one of the great departments of the Government. He is just as much interested in saving money as we are. He has to look after the interests of the Government, however, in the particular matter that he is looking into. He says:

I do not feel that in justice to the responsibilities resting upon this department and the Foreign Service I can suggest further reductions. On the contrary, I deem it my duty to recommend several increases over the amounts in the House bill.

The representatives of the various departments covered by this bill have written to us similar letters. Similar action has been taken with reference to the Department of Justice, the Department of Commerce, and the Department of Labor.

What are we to do? Are we to take this bill, which has been so carefully considered in every detail by every department of the Government, and just arbitrarily say, "You



must cut off 10 per cent below what you have been presenting to the United States Senate?"

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from Tennessee?

Mr. JONES. I yield.

Mr. McKELLAR. Take the very first item in the bill, of \$1,915,540 in the office of the Secretary of State. That item in the last five years has grown in this way: In 1928 we appropriated \$1,039,000; in 1929, \$1,045,000; in 1930, \$1,340,000; and for the fiscal year 1933 it has jumped up to \$1,915,000. In other words, if we follow the recommendations of the department itself, we increase this item for doing virtually the same work from \$1,000,000 to \$1,900,000, or nearly double.

Mr. JONES. Mr. President, I am not going to discuss these different items, so far as that is concerned, except to say that this Government has developed in the last five years in every activity in which we are engaged. It has increased very greatly. Notwithstanding that fact, the State Department, as they say in the letter, recognizing the condition of things that confronts the country, in the face of the increases that we made and the activities that we enlarged when times were good, are themselves making such reductions as they feel they consistently can make with the welfare of the Government at heart just as much as we have it at heart.

Mr. McKELLAR. Mr. President—

Mr. JONES. I yield to the Senator from Tennessee.

Mr. McKELLAR. The Senator says that the activities of the Government have increased in the last five years. The principal activity for the last two or three years has been a depression; and it seems to me that now, of all times, we should conserve our resources, and not appropriate extravagantly, as recommended by the department.

Mr. JONES. Mr. President, I recognize the force of that argument, as far as that is concerned. That is an argument which every Senator should consider; but the question is whether we will make anything by this haphazard way of reducing appropriations. It is a haphazard way. It can not help but be that, and it may do more harm than good, although undoubtedly it tends toward reducing expenditures.

I desire to call attention to this matter to which the Senator has just called attention in the Department of State.

Mr. McKELLAR. What page?

Mr. JONES. On page 2 of the bill, under the Department of State, for the Secretary's office, for the current year the appropriation is \$1,960,588. The estimate that came in for the coming fiscal year was \$1,975,000—just a little increase over last year. That was cut down by the House to \$1,915,540. There is not any question but that the House is just as anxious for economy as we are; and considering the condition of the country and considering the absolutely imperative needs of this department, it cut down the amount to \$1,915,540. We have not changed that. We have no facts, no justification, in my judgment, for an arbitrary 10 per cent reduction. The item might stand that reduction. I think the Senate ought to determine, upon consideration of that item alone, what ought to be cut there, and in the same way it ought to determine what other items ought to be cut.

Mr. COPELAND. Mr. President, it has seemed to me that this motion was not presented at the right stage of the proceedings. I have the feeling that the Senate itself should perfect this bill before it seeks to send it back to the committee. The Senate should share the responsibility for the changes which are made. I am inclined to vote for such a motion at some time or other, but I do not think we should adopt it until we have made the effort in the Senate to make such changes in the bill as would result in ultimate economy.

Frankly, I feel that it is not fair to the committee to send the bill back to the committee, and ask them arbitrarily to cut 10 per cent from the aggregate. It might

well be that in the discussion on the floor we might find that we could make greater reductions than 10 per cent in the total, but we should not evade the responsibility resting upon us to perfect the bill, and we should not be stampeded into doing something which may retard government, which may interfere seriously with the operation of government.

Every one of us wants to have economy, and rigid economy, practiced, but we can not evade our own individual responsibility as Members of the Senate to inspect and study, analyze, and, if possible, reduce the proposals. That is the way I feel about it.

I wish this motion of the Senator from Tennessee might come at a later time, after the Senate itself has had an opportunity to see what it can do with the bill.

Mr. JONES. Mr. President, let me call the attention of the Senator from New York to another fact. I agree with him to a great extent, if not entirely. But suppose we go on considering the various appropriation bills, and then have similar motions, as we had as to the Interior Department bill. We would do away with everything we had done. It does not mean the reduction of 10 per cent in the bill as reported by the Senate committee. It means a reduction of the bill by 10 per cent below what the figures were as the bill passed the House, without consideration of any amendment we may have considered, or any matters which the Secretary of State may have suggested to our committee which we ought to add to the bill. I think the Senator's suggestions are exactly what we ought to follow.

Mr. DICKINSON. Mr. President, I want to make a further suggestion. The Senate spent several days in considering the Interior Department appropriation bill. The time was wasted, for the reason that we have to go back and begin all over. If the Committee on Appropriations of the Senate is to be commanded to reduce the appropriations 10 per cent below what the House allowed, then we ought to know it in advance, and the motion ought to be made when the bill first comes on to the floor, or there ought to be a general resolution adopted by the Senate, and then we would be prepared when a bill came on the floor.

One thing more. I hope every Senator who votes in the affirmative on this motion to recommit will take that fact into consideration when amendments are offered on the floor of the Senate to increase the appropriations, as will be the case if the bill comes back to the floor of the Senate carrying 10 per cent reductions all along the line, as the Senate is about to command. I do not see how any Senator can vote to send the bill back to the committee and, when it is reported back and comes on the floor of the Senate, vote to increase any item in the bill which will increase the total. That is the reason why I made the suggestion in my previous remarks.

Mr. JONES. I was just about to suggest that situation to the Senate. Suppose we send the bill back to the committee under this motion, and the committee does the best it can, and strikes down items here and there and yonder without any special consideration, because this reduction resolution is being passed upon without any special consideration. We cut out items so as to comply with the Senate's order, and then the bill comes back to the Senate. No Senator would be prevented from offering an amendment. No Senator would be prevented from proposing that an increase be made, or that a new item be put into the bill, or anything of the sort. The motion would simply bind the committee and direct that we must report the bill back to the Senate with the aggregate reduced 10 per cent below the figures sent over by the House, and then the Senate could consider it in whatever way it pleased, amendments being offered, which would be in order, of course. Senators may offer amendments of various kinds and the Senate can disregard its instructions to the committee. There will be no instructions then. The Senate, of course, is a body to itself. It can put on as much as it pleases and take off as much as it pleases.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. JONES. I yield.



Mr. SMOOT. I wanted to call attention to the situation we are in with the Interior Department appropriation bill. The House passed the Interior Department appropriation bill, it came over to the Senate, and the Senate added approximately \$4,000,000 to it. Then came the motion of the Senator from Tennessee to reduce the bill 10 per cent below the amount the House appropriated. In other words, there were all the increases put on in the Senate, which must be taken out or an equivalent amount taken out of some other part of the bill. That is the situation.

It seems to me the Senator from Washington is perfectly correct; if this plan is to be carried out and applied to the bill as it passed the House, that is what we want to know. Then we will go at the matter the best we can, and if the order of the Senate can be complied with we will report the bill to the Senate, and if it can not be we will come to the Senate and say so.

Mr. JONES. Mr. President, just a word or two more and I will be through. I think the Senate clearly appreciates the situation which confronts us—appreciates what is proposed to be done.

If the Senate says to the Committee on Appropriations, "You must cut the appropriations 10 per cent below the House figures," the committee will do that. The bill will come back to this body. It will again be for the approval or disapproval of the Senate. It will then be open to amendment, just the same as it is now. It does seem to me that the right course for us to take is to consider the bill, with the amendments which are proposed, by whomever they are proposed, and decide upon the course we want to take.

I want to suggest this to the Senate, and I say it in all frankness; I was authorized to say it in frankness: If the Senate agrees to this motion and the bill is sent to conference with the amendments which will be made necessary by the direction of the Senate, they will be accepted by the House conferees without any question. Whatever they may think about the efficacy or the wisdom of the amendments, I have been authorized to say after conversation with the chairman of the House Committee on Appropriations that they will accept the amendments we put on.

Mr. FLETCHER. What amendments?

Mr. JONES. The amendments made necessary under the motion directing the 10 per cent reduction. However we may dispose of that 10 per cent matter, it will be accepted by the House conferees.

Does the Senate desire to act in that way in regard to this important bill? If that action is taken with reference to this bill, as the Senate has already acted with reference to the Interior Department appropriation bill, why should it not so act with reference to subsequent bills? I do not say this in the way of a threat but simply as a fact; but if the Senate applies such a rule to this bill, I shall expect it to apply the same rule to subsequent bills. So we vote on this proposition with our eyes open with reference to that phase of the situation.

I think I am just as economical as any Member of this body. I think I recognize the situation just as clearly as any Member of this body does. I propose to hold appropriations down where I do not think holding them down will do more harm than good, but where I do think that it would do more harm to cut in the way suggested I will oppose such action, unless the Senate directs us to act differently.

Mr. FLETCHER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from Florida?

Mr. JONES. I yield.

Mr. FLETCHER. I want to suggest to the Senator that if the House recognizes that the Senate is disposed to reduce every bill 10 per cent all it has to do is to raise every bill 10 per cent, with the idea that the Senate is going to reduce it.

Mr. JONES. They could follow that course. Nevertheless they will do with reference to this bill as I have stated.

If we adopt the hard and fast rule with reference to all these measures, the House will act with knowledge of that intention on the part of the Senate, and taking that into

account. By the adoption of this motion we would notify the House that they could act as they saw fit, but they would know what was coming and they could take advantage of their knowledge and meet the situation.

I think the wise course for the Senate to pursue is to take this bill up and wherever an item ought to be cut down or cut out, cut it down or cut it out, and let us pass the bill as we think it ought to be passed.

Mr. SMOOT. Unless it is passed in that way we shall see a deficiency bill come in to cover most of the amounts cut out. That is what is going to happen; I care not what action is taken to-day, if the 10 per cent is taken off, we will find a deficiency bill here before the fiscal year which this appropriation bill covers ends.

Mr. ROBINSON of Arkansas. Mr. President, the Senate has arrived at what I believe will prove to be a crisis in the legislative program of the present session. In supporting an amendment to reduce these general appropriation bills 10 per cent no one, I presume, proceeds on the theory that the allowance of the amounts estimated for would be reckless extravagance. If we respond to the argument made by the Senator from Washington and accept the conclusions and representations of the heads of the departments as to the amounts required for the services which they represent, we will never be able to reduce the total cost of government.

I wonder whether it is necessary for me at this stage of the proceedings to enter into a prolonged argument to enforce that conclusion in the minds of other Senators.

Mr. JONES. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. JONES. I know the Senator did not intend to misrepresent my attitude, but I do not take the position that we must take the items as they are recommended by the departments. We have not done that in making our recommendations. We consider them, however, and reduce wherever we think reductions should be made.

Mr. ROBINSON of Arkansas. The Senator correctly states that he did not say that the representations of the heads of departments were absolutely conclusive, but I recall that a material part of his time was consumed in trying to convince the Senate that the departments know what their departments need much better than Senators can know.

Mr. President, it is just exactly acquiescence in that principle which has led this Government to a position where we are required to reverse our attitude. If we go on pursuing that course we will find that over a definite period of years instead of the Government growing smaller and less expensive it will be growing larger and more expensive. That is a natural process, one that is not to be condemned in all of its details.

We are confronted with this situation. We have a Government which costs \$4,000,000,000 a year, at a time when our revenues are scarcely \$2,000,000,000 a year. From limit to limit of this country the cry is resounding, "Reduce your costs. Do not increase taxes."

In my judgment, we can not restore a proper proportion between revenues and Government expenses without resorting to both plans, reducing expenses and increasing revenues.

Revenues from income taxes have diminished alarmingly during the period of the present depression. The amount of revenue received from income taxes up to the present date compared with last year is only approximately one-half, and that ratio is likely to be continued throughout the fiscal year. We are confronted with a practical proposition. If we rely on the judgment of the departments we will make only a few small reductions and they will amount to very little when it comes to solving our great problem.

The Senator from Washington made an appeal on the ground that the House of Representatives had cut the bill to the very bone and that the House is just as much interested in economy as the Senate can be. That is true. The House did perform a very valuable service. It reduced the estimates in many items. But still the bill carries an amazingly large aggregate. At a time when the Treasury is



almost bankrupt we are proposing to appropriate more than twice the amount that was appropriated for the Department of Commerce in the year 1925. Think of that! Only seven years have elapsed. In 1925 the aggregate appropriation for the Department of Commerce was \$24,000,000 plus. It is now very near \$55,000,000.

What is the object of the Department of Commerce? I think I need not enter into that in detail, but surely, when we analyze the results that have come from its efforts, rapid increase is not justified. Our foreign commerce is diminishing. It may be and doubtless is true that it would be still less than it is if it were not for the activities of the Department of Commerce. I raise no question about that. But I wonder if we are to be committed now to the judgment of the Secretary of Commerce or any other executive officer that the amount estimated for must be appropriated in spite of the fact that we are having the greatest difficulty in obtaining the revenues necessary to meet the absolutely indispensable expenses of government.

The same thing is true of other departments. It is true in a less degree of the Department of Labor, of the Department of the Interior, of the Department of State.

Mr. LONG. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Louisiana?

Mr. ROBINSON of Arkansas. I yield.

Mr. LONG. The Senator has pointed out the situation with reference to the Department of Commerce and I agree with him. I also agreed with the proposed reduction in the appropriation for the Department of the Interior. The Department of Commerce apparently can stand a very large reduction. I was just wondering, instead of sending the bill back to the committee with instructions to make a reduction of 10 per cent, whether it would not be better that the Senate first prescribe the reductions to which the departments should be subjected rather than to have the bill go back to the committee and reductions put where they could possibly not be supported.

Mr. ROBINSON of Arkansas. That is an open question. That is one of the questions raised by the Senator from Washington. My experience is, I will say to the Senator from Louisiana, that in efforts to reduce general appropriation bills in the Senate the tendency has been to increase them rather than to decrease them upon the consideration of specific amendments. There is reason for that. It is not as absurd as one would first think, because practically every item in the bill and any amendment that may be offered to an item in the bill has in itself, considered from what I may term the intrinsic standpoint, some element of merit; that is, there may be presented arguments to sustain it. It is just exactly that fact that makes necessary in my judgment the adoption of the policy involved in the amendment. After all, it is the Budget policy. It says, "You have so much money that you can expend for the purposes of this particular department. Now tell us how that may best be distributed."

Mr. BINGHAM. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Connecticut?

Mr. ROBINSON of Arkansas. I am glad to yield.

Mr. BINGHAM. Is it not true that exactly what happens is that about six or eight months before the bill comes to Congress the President says to each department, "You may have so much money. Divide it as you deem best"? Then what the Senate is asked to do, and I join with the Senator from Arkansas in the hope that it will do it, is to say to the Appropriation Committee, "That was too much. Cut it 10 per cent. Consult with the Budget and the department as to the best way the cut may be made."

Mr. ROBINSON of Arkansas. The statement of the Senator from Connecticut is correct with this single exception. I do not understand that the President in the beginning says to the head of a department, "You can have \$200,000,000 or \$400,000,000 or \$1,000,000." The directions which he actually gives, as I am informed, are, "You must reduce your estimates as much as you can without interfering with

the efficient administration of your department." Upon that direction the Cabinet member who is the head of the departments directs that the estimates be made up. As stated by the Senator from Connecticut, that is all right in a time of prosperity; that is all right when revenues are abundant, as they have been until the last year or two. But it certainly is not a policy that can be strictly adhered to in a time like the present.

We know that no matter how the tax problem confronting the present session of Congress is finally resolved, we know that no matter whether a general sales tax is levied or a luxury sales tax is levied and other sources of revenue provided for, there will still be an enormous deficit in the Treasury which can be covered only by the exercise of the power to borrow, and in every case where we issue bonds there should be provision for the payment of interest and sinking fund. So that it is not a question which arises in normal times. I think the Government has been growing too fast, even though the times have been prosperous up until the recent years.

It is a question of whether we wish to take hold of this matter and determine it decisively and emphatically. Does anyone doubt that if a reduction of 10 per cent is made—

Mr. LONG. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Louisiana?

Mr. ROBINSON of Arkansas. I yield.

Mr. LONG. Before the Senator leaves the question of the Department of Commerce may I say that we have had considerable experience with the Department of Commerce through the port of New Orleans. We have had to maintain agents in all of the principal centers of foreign countries where we were doing business. We have received practically no benefit, so far as we can ascertain, from the Department of Commerce. I do not know of any other port that has been receiving any particular benefit through the Department of Commerce. Certainly the result at our port has been that since 1925 our foreign commerce has shown no increase, but I would think rather a decrease. I see no reason for the Department of Commerce being operated on revenues in double the amount they received in 1925. For that reason I have been hopeful that before the bill left the floor of the Senate, such aggravated items as that relating to the Department of Commerce would be slashed to such an extent as to bring them down to the amount with which they could probably more effectively and more efficiently operate.

Mr. COPELAND. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from New York?

Mr. ROBINSON of Arkansas. Certainly.

Mr. COPELAND. I think there is a \$300,000 cut in the very item which the Senator from Louisiana mentions. I would like to say that the experience of my State is that the foreign agents have been of extreme value to the merchants and manufacturers of New York, so no matter what item comes up we find that one section of the country will be aligned against another as to its beneficial results. But in that particular item there has been a cut, if I remember correctly, of about \$300,000.

Mr. ROBINSON of Arkansas. I think there is this justification for the reduction of the appropriations for the Department of Commerce. In spite of all the activities to stimulate foreign commerce, which is presumed to be one of the primary functions of the Department of Commerce, we find now that our foreign commerce is constantly shrinking and that in spite of everything that has been done, in spite of this enormous expenditure to promote commerce, we are still losing commerce all the time. It may be entirely true that the Department of Commerce is not responsible for that result, but it certainly is true that it has not been efficient enough to overcome whatever causes have resulted in the reduction of our foreign commerce.

Now, Mr. President—

Mr. COPELAND. Mr. President, will the Senator yield before he leaves that point?



The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from New York?

Mr. ROBINSON of Arkansas. Certainly.

Mr. COPELAND. It seems to me one of the great mistakes made by the administration was the failure of the President last June, when there was a world gathering here of chambers of commerce, to take advantage of the gathering to discuss these matters of economic interest. We have world conditions involved in the depression of trade everywhere, and in our country particularly, but when there was an opportunity for a practical consideration of the problem there was a complete failure on the part of the administration to take advantage of it.

In regard to the particular matter referred to by the Senator from Louisiana, I would still think there is very important work to be done through the foreign agents of the Department of Commerce in the development of American commerce.

Mr. LONG. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Arkansas yield further to the Senator from Louisiana?

Mr. ROBINSON of Arkansas. Certainly.

Mr. LONG. I do not believe the Senator is really aware of what actually happens at his own port of New York. As a matter of fact, long before the depression came, as I believe the statistics will show, because I have had occasion to investigate them, we were losing traffic at the port of New Orleans, losing it at about the rate the activities of the department were increasing. There has not been any practical result from the activities of the department that we have been able to find. Out of New Orleans our foreign business is as widely scattered as from any port in the world. I do not think there is any reason in the world now, particularly with the Department of Commerce showing no results in securing any trade, so far as we have been able to find, why the department should not be put back upon the basis where it was seven years ago. I believe if we would restrict the activities of the Department of Commerce they might do better, because in instances where we have been attempting to develop the commerce with Latin America, which we were enjoying seven years ago we know that the activities of the department have restricted rather than helped us. Fewer agents of the department in foreign countries would be more helpful than more agents.

Mr. ROBINSON of Arkansas. However that may be, one fact stands out indisputably, and that is that during this period when the Department of Commerce has been growing and expanding so rapidly our commerce for at least a considerable part of that time has been diminishing and has been shrinking.

The rule of rapid increase applies to nearly all the departments. The legislative establishment in 1925 cost \$16,648,000; in 1932—and the figures I am using are all for that year—the legislative establishment required \$27,832,000, or approximately twice as much as in 1925. I do not think anyone here will contend that the Department of Commerce is worth more than twice as much to this Government now as it was in 1925, or that the legislative department is worth twice as much as it was in 1925.

Mr. BINGHAM. Mr. President—

Mr. ROBINSON of Arkansas. I yield to the Senator from Connecticut.

Mr. BINGHAM. May I remind the Senator—I am in entire sympathy with him—that the Department of Commerce since those years has been given a number of other activities that it did not have before such as the Census Bureau, the Bureau of Mines, and the Patent Office. They have swollen its appropriations beyond what would be a fair ratio of increase.

Mr. ROBINSON of Arkansas. That is a fair statement, and I thank the Senator for injecting it at this point, because it might have been omitted but for his interruption.

The appropriations for independent offices have increased from \$411,000,000 plus in 1925 to \$1,383,000,000 plus in 1932. That is more than three times as much within seven years.

The Department of Agriculture cost the Government \$74,000,000 plus in 1925, and in 1932 it cost \$422,000,000 plus. Here also I should say that certain special activities were required of the Department of Agriculture, which contributed in part to that increase.

Mr. BINGHAM. Mr. President, will the Senator from Arkansas permit another interruption?

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Connecticut?

Mr. ROBINSON of Arkansas. I yield.

Mr. BINGHAM. I think the Senator from Arkansas mentioned the fact that the appropriation for the independent offices had increased more than three times.

Mr. ROBINSON of Arkansas. Yes, sir.

Mr. BINGHAM. Did the Senator also state the fact that that increase was almost entirely due to the Veterans' Administration?

Mr. ROBINSON of Arkansas. I am not sure what proportion of it is due to the Veterans' Administration. What I am pointing out is that appropriations for general governmental purposes have grown from a total of \$3,748,000,000 in 1925 to \$5,178,000,000 in 1932.

Mr. FESS. Mr. President, will the Senator from Arkansas yield to me?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Ohio?

Mr. ROBINSON of Arkansas. I yield.

Mr. FESS. Has the Senator the figures before him relative to the appropriations made for the Post Office Department?

Mr. ROBINSON of Arkansas. I have before me the figures showing the appropriations for the Post Office Department and the Postal Service payable from postal revenues. The appropriation for that purpose was \$629,000,000 plus in 1925, and it was \$844,000,000 plus in 1932.

Mr. FESS. Those figures show that the increase of appropriations in the case of the Post Office Department is not nearly so great as in the case of the other departments. While I agree that the growth in appropriations for the departments is almost exorbitant, I am wondering how much in the meantime the business of the country has grown. The expenditures for the Post Office Department would furnish a good barometer by which to make a comparison; but the figures quoted by the Senator from Arkansas show that the increase of appropriations for the Post Office Department has only been from about \$600,000,000 plus in 1925 to \$800,000,000 in 1932.

Mr. ROBINSON of Arkansas. The figures quoted represent the cost of operating the Post Office Department.

Mr. FESS. Has the Senator before him the figures showing the receipts of the Post Office Department?

Mr. ROBINSON of Arkansas. The revenues from the Post Office Department are not given on the table I am using.

Mr. FESS. The increase in the revenues of the Post Office Department would be about in the same proportion as the increase in the appropriations for its support.

Mr. ROBINSON of Arkansas. It is fair to say that the State Department has not shown the expansion and increase of appropriations that have marked other departments. In 1925 its cost was \$15,000,000 plus, and in 1932 it was \$18,000,000 plus. I am omitting the thousands for convenience's sake.

What has just been said of the State Department is likewise true of the Treasury Department. In 1925 the appropriation for the Treasury Department was \$269,000,000 plus, and in 1932 it was \$278,000,000 plus.

Mr. BINGHAM. Mr. President, the Senator from Arkansas will remember that nearly \$100,000,000 has been taken away from the Treasury for the enforcement of the prohibition act and has been given to the Department of Justice. I am not sure as to the figure; the amount may be less.

Mr. ROBINSON of Arkansas. It would be nothing like that amount.

Mr. BINGHAM. I find it is about \$30,000,000.



Mr. ROBINSON of Arkansas. It is about \$30,000,000. That, of course, accounts for some part of the discrepancy; but, on the whole, the department has been growing, the Government has been expanding, and the cost of government has been increasing.

We are now at a time when we can not afford a \$4,000,000,000 or \$5,000,000,000 annual National Government; we must reduce our expenses; for, no matter in what form we seek to obtain the taxes which are necessary to overcome the deficit, we are going to encounter very great difficulty; and we have not solved that problem by any means.

I think it will cause difficulty, it will occasion annoyance, to make a reduction as much as is contemplated by this amendment, but we can not avoid it, and if we simply rely on amendments to be agreed to in the Senate, without regard to the total amount of the bill, we shall have what actually happened in the committee occurring in the Senate. The committee commends the House for reducing the estimates and then reports a bill that increases the appropriations over those provided by the House by \$1,017,000 plus. No criticism is offered of the committee for that, but efforts to reduce by separate amendments is a process that is ineffective. It is the same process that is suggested to be pursued here. If we leave this open to the proposition that individual amendments shall be added to the committee amendments, this bill will go back to the House probably with several million dollars added, just as was the case in the agricultural appropriation bill and in the Interior Department appropriation bill, although the latter bill has not gone back to the House but has been recommitted to the committee.

Mr. BINGHAM. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Connecticut?

Mr. ROBINSON of Arkansas. I yield.

Mr. BINGHAM. I thought the Senator was nearly through, but since he has been so kind as to yield to me, may I not give this additional information which came to me only a day or two ago?

I asked the Treasury Department what the receipts and expenditures had been for the 12 months previous to March 1, 1932. The Senator will realize that that includes all receipts of income taxes, the first quarter of which were paid March 15, 1931. The period includes a part of two fiscal years and the figures show how we have been running behind; they show how far the country has been going back and the small likelihood of our being able to raise much more from income and other taxes. The figures as given me by the Treasury Department are these: That during the period from March 1, 1931, to March 1, 1932, the Government received from all sources \$2,629,557,267, and the Government spent \$5,000,161,594—just about 2 to 1.

Mr. ROBINSON of Arkansas. Approximately 2 to 1. There is nothing in present conditions to indicate an increase in revenues from existing sources which are now being tapped within the next few months, and circumstances do not seem to me to justify the belief that business will be so revived within the early future as to assure that a part of the deficit will be overcome without additional taxes. The figures the Senator has given are believed to be accurate, and they illustrate the point that is attempted to be made.

Now, what solution have we for this very great problem? We may raise income taxes to any figure that has been proposed and the additional amount of revenue that will be received from them will be comparatively unimportant. We may impose certain taxes on so-called luxuries and the aggregate amount will be inadequate.

The problem is to cut expenses in every way possible. I have not the slightest doubt that there will be less suffering, less annoyance resulting from the reduction proposed by the Senator from Tennessee, than there will be to the taxpayers of this Nation when we attempt to levy such an amount as must be levied. It is not a mere question of being "nice" to people or doing what we would like to do; it is a question of doing something substantial and decisive.

Mr. GEORGE. Mr. President, may I make a suggestion to the Senator, if it will not interrupt the thread of his argument?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Georgia?

Mr. ROBINSON of Arkansas. I yield.

Mr. GEORGE. The habit of leaving to the Budget Bureau, and throwing upon the President the necessity for economy, is an exact reversal of what ought to be done by the legislative branch of the Government. The Congress alone has the power to appropriate, and if the Congress does not exercise that power the Budget Bureau and the Executive himself are not likely to come to the Congress and ask for the elimination of any needless expenditure of money or for the elimination of any needless bureau or board or commission or other agency of government; but when and if the Congress exercises its primary duty and obligation to place a definite and distinct limitation upon all appropriations made for any department of the Government, then we may hope that there will be some actual progress made toward economy in government.

Mr. ROBINSON of Arkansas. The Senator from Georgia is entirely correct, and his suggestion has prompted this additional thought: Those of us who have been in Congress for a great many years realize that there is a measure of competition between or among the departments in their efforts to secure appropriations. The head of the department who can do best for his organization, who can secure the largest amount of money and the most liberal authorizations for salaries is usually quite popular with his department; and, as suggested by the Senator from Georgia, this system does not make for the promotion of rigid economy, such economy as is necessary to be practiced at this time.

Mr. President, the Senator from Washington made a statement intended to prevent the Senate from agreeing to the pending motion, and that was that if we adopt the motion the House will accept it. Mr. President, that is to me very gratifying information, and for that reason, as well as for the others that I have attempted to assign, I shall support the motion.

Mr. VANDENBERG obtained the floor.

Mr. GLASS. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Virginia?

Mr. VANDENBERG. I do.

Mr. GLASS. Before the Senator from Arkansas takes his seat I should like to inquire if he happens to know what is the relative increase in the cost of government for this fiscal year and the receipts of revenue by the Government as contrasted with, say, 1914—the year before the war?

Mr. ROBINSON of Arkansas. I have not compiled those figures. I think, however, they could be easily obtained.

Mr. GLASS. It would be very interesting to know what the contrast is; whether in the matter of expenditures we have far exceeded the percentage of increase in the revenues of the Government.

Mr. ROBINSON of Arkansas. There is no doubt of the fact that the revenues are diminishing now; and that is one of the circumstances that make absolutely necessary a diminution in expenditures. As compared with the period of 1914, I have not the figures.

Mr. GLASS. I would undertake to say, from my personal observation, that the Government is not more efficiently administered now than it was 16 years ago.

Mr. McKELLAR. Mr. President, if the Senator will permit me—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. VANDENBERG. I yield; although I should like to proceed.

Mr. McKELLAR. I will read these figures:

On page 184 of the Statistical Abstract of the United States for 1930, it appears that there was appropriated for the Department of Commerce, for the fiscal year 1919, the sum of \$15,000,000 plus. The next year it went up to \$30,000,000. In



1921 it was reduced to \$23,000,000 plus; in 1922, \$17,000,000; in 1923, \$20,000,000; in 1924, \$22,000,000. Since that time it has more than doubled; and to-day the amount recommended is \$54,000,000 plus.

Mr. GLASS. My inquiry was not directed to any particular department of the Government, but to the total receipts and total expenditures of 1914, as contrasted with the total receipts and the total expenditures now. It would be interesting to know, if the chairman of the Finance Committee of the Senate can furnish the information, just what is the relative percentage of increase in revenues and expenditures for those two periods.

Mr. SMOOT. I have not the report, Mr. President; but I can send and get it in just a moment.

Mr. ROBINSON of Arkansas. I have sent for the figures and will put them into the Record.

Mr. ROBINSON of Arkansas subsequently said:

Mr. President, a few moments ago, about the time when my remarks were being concluded, the Senator from Virginia [Mr. GLASS] made an inquiry about the comparison of appropriations and revenues in the year 1914. The following figures have been handed to me. I have not had the opportunity of confirming them myself, but I believe them to be correct.

In 1914 the aggregate appropriations of government were \$1,098,000,000 plus, and in 1914 the revenues were \$1,018,000,000 plus, slightly less than the total amount of appropriations, but the difference was not sufficient to occasion any difficulty.

We have gone from a little over a billion dollars in 1914 to \$5,000,000,000 in 1932, in round figures, in our appropriations. The revenues have been falling off very rapidly and now equal less than half the amount of our expenditures, taking the figures furnished by the Senator from Connecticut.

Mr. JONES. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Washington?

Mr. VANDENBERG. I should like to proceed briefly, Mr. President.

The VICE PRESIDENT. The Senator declines to yield further.

Mr. VANDENBERG. Mr. President, I listened to the persuasive reasons submitted by the very able and always conscientious chairman of the Appropriations Committee why this motion should not prevail. I think there is an unanswerable preponderance of reason why it should prevail, and I rise in sympathy with the views just expressed by the distinguished minority leader.

It is perfectly true that the Senate is to be indicted for supreme inconsistency in connection with its action in relation to the Interior Department bill through the adoption of the horizontal 10 per cent reduction formula submitted by the Senator from Tennessee. Perhaps it is the final inconsistency that I am in favor of the same 10 per cent reduction formula in the pending bill, in spite of these other inconsistencies; but the situation, taken in all its implications, drives me to the inevitable conclusion that this is the only avenue of practical and substantial economic hope.

The Senate was inconsistent in first voting added appropriations into the bill and then ordering the Appropriations Committee to take out the appropriations which we had put in and 10 per cent more. That was inconsistent. It was a species of fiscal piety which might be termed thundering in the index. We certainly were inconsistent when we declined the amendment of the House providing for a practically painless reduction in Federal personnel and the expense involved in it. We were decidedly inconsistent when we declined the House plan and failed to offer any of our own. But that was not the worst of the inconsistency, Mr. President. The worst of the inconsistency was that a perverse majority of the Senate, on a roll call, declined to add to the amendment proposed by the Senator from Tennessee the formula which I offered and which could have produced a swift and practical reorganization of a large part of this bureaucratic structure which is substantially

responsible for the burdensome difficulties in which we find ourselves. But, in spite of all those inconsistencies, I agree absolutely with the Senator from Arkansas in the propositions which he submits, that, all other recourses obviously having failed, we must take the only one left, which is a major operation. I have faith in it and its promise of ultimate fiscal convalescence.

What is calculated to result, Mr. President—and this is the thoroughly practical reason why I think this motion might well prevail—what is calculated to be the lengthened shadow of this action, if we continue to order these 10 per cent reductions?

If, arbitrarily, the Congress does require a 10 per cent setback in this organization structure of the Government, I think we ourselves will be driven within the next few weeks either to adopt the resolution submitted by the distinguished junior Senator from Georgia [Mr. GEORGE], which permits executive latitude for the reorganization of the executive structure, and which has been reflected in my own motions and amendments, or we will be driven to propose these reorganizations ourselves. In a word, the Senate will come to a point where essential reorganization no longer can be disingenuously evaded or avoided.

Any Member of Congress who is upon the fundamental trail of Federal economies is interested fundamentally in a reorganization of this structure. It can be reorganized by act of Congress if Congress is willing. Occasionally—very occasionally—Congress is willing; and I should like to submit to the Senate the monitory and significant result which has come from the one reorganization act which Congress did have the courage and the vision to order.

On July 3, 1930, Congress did order a redistribution of all the various functions dealing with veterans' affairs and combined them under one concentrated management. This management went into the capable hands of General Hines, one of the ablest administrators who ever served the Government. As a result of that concentration, the following economies already have been effected:

In personnel, \$5,900,000.

In the better coordination and use of homes and hospitals in lieu of new units, \$1,200,000.

In economies effected through combination of field activities, \$1,200,000.

Through the acquirement of increased facilities through internal rearrangement rather than through new construction, \$2,400,000.

And another item of \$750,000; a total, without going into further detail, of nearly \$12,000,000—and the operation has only started. There is the proof of what can be done by the reorganization which I have been begging the Senate to precipitate throughout this enormous Federal institution.

Mr. President, it is perfectly obvious that the expense of this particular operation of Government under other and diverse auspices would have multiplied tremendously in view of the new duties that have been loaded upon the Veterans' Bureau during the last year or two, having particular reference to the new Spanish War pension claims, having particular reference to the 715,000 new disability-allowance claims in connection with the World War, and having particular reference to the loans upon 1,373,000 adjusted-compensation certificates. The expense would have gone skyward if it had not been for this new, reorganized, and concentrated administration of these veterans' affairs.

Why did not the expense multiply? Why is it that upon this day the net immediate savings in the appropriations for the administration since consolidation are represented by \$2,500,000, the estimate of the amount of money which will be returned to the Treasury—there is a novelty—returned to the Treasury from administrative appropriations at the expiration of the fiscal year, not including \$1,300,000 remaining unexpended—there is another novelty—in the appropriation made for the administration of the loan provisions of the adjusted compensation act? He who runs may read. Let the lesson be read by the Senate in the light of our contemporary challenge. Ten executive departments! Forty independent establishments! Two hundred bureaus,



boards, and commissions! Five hundred and fifty thousand employees! And a deficit of \$2,000,000,000 which must be conquered! There is the challenge. Yet thus far the Senate has defeated every motion I have made to provide for swiftest possible readjustments and redistributions and consolidations which would curtail the appetite of our Frankenstein. Mr. President, we can not much longer dodge these realities.

Mr. President, anybody who says that the expense of operating the bureaucracy of our Government can not be cut 10 per cent must deny the implication of this perfectly obvious exhibit; and the implication is that any time we are ready to lay the ax to the root of the tree—if I may refer to the simile which was brought to us by the lyric Senator from Illinois [Mr. LEWIS] the other day—if we are ready to lay the ax to the root of the tree, instead of merely pruning its foliage, it is perfectly obvious that we can accomplish the result to which the Senator from Tennessee addresses his amendment.

Congress can do it if it is willing to address itself to this problem of reorganization. I should prefer that Congress do it. The trouble is that Congress will not do it, as has been demonstrated time and time again. The best possible demonstration of this fact is the pathetic history of what happened to the tremendous report of the joint committee on reorganization which was raised in 1920, which consisted of some of the ablest men in Congress, including the senior Senator from Utah [Mr. SMOOT] and the senior Senator from Mississippi [Mr. HARRISON], which worked three and a half faithful years, which concluded its public hearings in April, 1924, and submitted a formal report on June 3, 1924. Since then it has not been heard of. We shall soon celebrate the eighth anniversary of its obsequies. Why has it not been heard of? It is quite obvious why it has not been heard of. It has not been heard of for the same reason that a reorganization plan can not be put through Congress to-day. It was too good a plan. It crushed too many toes. It defied bureaucracy. It died aborning.

Just contemplate, Mr. President, the invaluable recommendations submitted to Congress as a result of this four years of constructive and effectual labor on the part of the servants of the Congress. Here is a complete scheme of reorganization submitted by this joint committee. Here are the detailed charts. I venture the assertion that if this complete scheme of reorganization were in vogue at this moment there would be no trouble whatever about saving even more than the 10 per cent to which the Senator from Tennessee addresses himself.

Yet the inconsistency of the situation is that although there is not a single pending plan in the Senate for a senatorial reorganization of bureaus the Senate has voted upon roll call to decline the only other available recourse to accomplish that result, to wit, to permit the Executive sufficient executive latitude to do it upon his own responsibility and within his own exercise of power.

Mr. President, the point I am submitting in behalf of the 10 per cent proposal which comes again from the Senator from Tennessee is this. I am persuaded that if we force a contraction in the available funds for the operation of these departments, one of two things is bound to happen: Either the departments themselves will find that it is possible to live within the curtailed income, or the Senate will have to reverse its action on my various motions and pass the reorganization resolution submitted by the distinguished junior Senator from Georgia [Mr. GEORGE] now waiting on the calendar for the Senate's attention.

That is the reason why it is useful, in my judgment, to take this arbitrary, otherwise unscientific, and normally utterly indefensible method of attacking the expenditures which are throttling the country. The sequence of events will force us to implement our economies in order that they may become real.

Figures have been submitted here to indicate what the extent of the tax burden is. I think the most striking figure I have seen is that submitted by the Industrial Conference Board of New York about a week ago. It showed that the

total expense of all types of government in the United States, meaning local, State, and Federal, in 1929 was \$13,000,000,000, or \$40,000,000 every week day of the year. I understand it is now \$14,000,000,000. Mark you, the cost of government equals in the United States the total cash products of all the motor factories, all the factories making motor bodies and parts, all the iron and steel blast furnaces, all the rolling mills, all the slaughter and meat packing, all the industry engaged in men's and women's clothing. That total volume of cash production out of the commerce of the United States is to-day the tax burden upon the American people, and it is no wonder they are in revolt.

Our share of that burden is 30.1 per cent of the total, or about \$12,000,000 every week day that rolls by. That is the share which is within our control. That share will never be appreciably reduced if we continue the normal process of attempting to reduce it either by amendment in committee or amendment on the floor. The sterility of such methods is now obvious. We are much happier economists in the abstract than in the concrete.

Mr. President, we all render vocal allegiance to the pursuit of economy. The question is, Are we going actually to practice what we preach?

We first have to stop all new expenditures, no matter how nobly meditated. At this point may I say that if there are any inconsistencies in the record of the Senate upon the score of economy, they are as nothing compared with the inconsistencies in the attitude of the American people themselves toward the Federal Government and its expenditures. Within the last 90 days, when all this urge for economy had been upon us and on the country, I have had requests from organized groups in the State of Michigan demanding that I support a total of over \$11,000,000,000 in new appropriations. The people themselves have to learn that we can not spend and save simultaneously. They have to learn that Uncle Sam is not Santa Claus, and until they cooperate with an affirmative economical impulse with those within the Congress who are similarly stimulated we can not hope for economic salvation.

I have said that we must stop all new expenditures. Beyond that what can we do? We can try to reduce appropriations in committee, but it is perfectly obvious that any such effort is necessarily pathetic. That is no reflection upon the committees; it is a reflection of the fact that the committees confront imponderables, and they can not get away from them.

There is no possibility of a successful reduction upon the floor of either the House or the Senate, because most of the reductions which have occurred in the House—and I am not speaking critically—are calculated ultimately to show up in the form of deficiency appropriations. We are dealing with the shadow rather than the substance.

Mr. President, when we finally cut down to the root of the tree, there is just one way we are going to curtail substantially the appropriations upon which we are laboring, and that is through a reorganization of this swollen bureaucracy. Congress can do it, but Congress will not do it, and Congress has not the time in this session to do it, even if it were willing.

The President has asked for authority to do it. He is willing to accept the responsibility. But thus far we have declined to give him the implements. That is the supreme inconsistency, and it is the supreme challenge to the Senate up to date.

I do not intend again to offer the amendment to this bill which has so heartily been rejected by the Senate upon five or six other occasions when I have sought to put essential reorganization power in the hands of the President. But I am saying that in my judgment the result of this otherwise arbitrary 10 per cent order to reduce appropriations will be, in the sequence of inevitable events, to drive the Senate into an ultimate acceptance of some such amendment or of the resolution submitted by the distinguished junior Senator from Georgia [Mr. GEORGE] and approved by a unanimous report of the Finance Committee, to arm the President of the United States with authority to do this job which the



country so righteously demands. The greatest business on earth requires the application of business methods to a critical business perplexity. Economy is something more than a campaign speech. Our slogans must have the implements to make them real. The tax challenge will not down. It must be answered.

Mr. LOGAN. Mr. President, I most heartily indorse all the Senator from Michigan has said. He seems to have some hope that the Congress may sooner or later reduce governmental expenses. I doubt whether that hope is justified. It never has been done in the past. Egypt was unable to do it, Persia was unable to do it, Babylon was unable to do it, Greece and Rome were unable to do it, and I do not know that we are any wiser in our generation than their statesmen were.

Mr. President, I do not know much about this problem, and it is difficult to find out anything. The items in the appropriation bills are there, and no one knows whether they are imperatively necessary or whether we could get along without them. So I thought I would go through some of the books issued by the departments and make a few calculations myself, and along the line of what the Senator from Arkansas as well as the Senator from Michigan have said, I want to call attention briefly to a few facts which, to my mind at least, show that it is possible to reduce the appropriations called for by this bill at least by 10 per cent, and, of course, that action should be taken by the committee. The committee is the proper body to consider these matters.

Things are relative. Nearly everything is relative. Everything must be compared with something else before we can ascertain exactly where it should be placed. An appropriation in a prosperous year, when the Government had plenty of money, might be entirely justified, when at another time the same appropriation would be wild extravagance.

I took the year 1921 and made a comparison of the appropriations for that year with those for the year 1930, covering a 10-year period. By the way, I might say it is within that 10-year period that we have had most economy preached. The administration of former President Coolidge and the administration of the President who now occupies that exalted position have preached economy, and the expenses of these particular departments and independent establishments have increased every year.

I have attempted to work out in percentages figures which would show the real increase, because the amounts in dollars and cents are only relative.

Going back to 1921, we find that the income of the Government was \$4,921,294,019. In the year 1930 the total income of the Government was \$3,483,225,292. That was the total income. Of course a part of that must be allocated to the payment of interest, a part to the payment of pensions and compensation, and things of that kind. A part of it must be allocated to capital investment, as we might call it for want of a better name. But we can not find out what the total expenses of the Government were at that time.

In 1921 the expenses of the Government—that is, the operating cost of the Government—was \$1,534,039,419, while in 1930 the cost of governmental operations was \$1,274,850,467. I might say that this apparent decrease is made up wholly by the figures in the expenditures of the Army and Navy, and more.

In 1921 the percentage of the cost of governmental operation to the entire income of the Government was 31.2 per cent. A little less than one-third of the entire income of the Government was paid out as the cost of operating the Government. But when we come to 1930, 10 years later, we find that the percentage of operating expense to the total income of the Government had mounted to 36.6 per cent of the total governmental income, or an increase of about 16 per cent. That I ascertain from the reports of the departments.

Turning for a moment to some of the departments which we have been considering, the Department of Agriculture, for instance. In 1921 the cost of operating the Department of Agriculture was \$55,204,902, which included \$9,155,873 that had been invested in nitrate plants representing work

undertaken for war needs, and, of course, that was an expense which was not ordinary. Deducting that from the expenditures of the Agricultural Department, we find that in 1921 the balance of expenditure was \$46,199,029. The cost in 1930 was \$79,090,396, an increase in money of \$32,991,367, or 71 per cent. In 1921 the percentage of total income of government expended by the Department of Agriculture was a little less than 1 per cent, or, to be more nearly exact, a fraction more than nine-tenths per cent. What I mean by that is that the Department of Agriculture in 1921 expended a little less than 1 per cent of the total income of the Government. In 1931 the percentage of the amount expended to total income was 2.3 per cent, or an increase in percentage of total Government income of 155 per cent.

The Department of Commerce, about which we have been talking this morning, in 1921, which was just after the year in which the census was taken, expended \$31,378,169, while in 1930 the total expenditures were \$56,869,984, an increase in money of \$25,491,815, or a percentage increase of slightly more than 80 per cent.

Mr. JONES. Mr. President—

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Washington?

Mr. LOGAN. Certainly.

Mr. JONES. I find that since 1925 several new activities of the Government have been transferred to the Department of Commerce. For instance, the Federal Employment Stabilization Board, involving an expense of \$90,000; aircraft in commerce, \$9,079,660. The Bureau of Mines has also been transferred to the Department of Commerce, and its expenditures in 1925 were \$1,900,468. The Patent Office has likewise been transferred to the Department of Commerce, and its expenditures in 1925 were \$2,808,800. According to the memorandum which I have, the total increase in expenditures in the Department of Commerce has been a little over \$6,498,000.

Mr. LOGAN. I have no doubt that what the Senator from Washington said is true. As I said, I made up these figures myself from the statistics, and I have tried to deduct such items as those to which he has referred. But let me suggest to the Senator from Washington that immediately after 1921, and in 1922, 1923, 1924, and I believe 1925, the expenses of each of the departments went down and down, and then suddenly took a rise, and have been rising ever since.

Mr. McKELLAR. Mr. President—

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Tennessee?

Mr. LOGAN. Certainly.

Mr. McKELLAR. What the Senator from Washington said is correct about the additions to the Department of Commerce, but I invite the attention of the Senator from Kentucky to the fact that the 58-acre building in which we house the Department of Commerce is not included in the items referred to.

Mr. LOGAN. It is not. That is not an annually recurring expense.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Florida?

Mr. LOGAN. Certainly.

Mr. FLETCHER. I call attention to the fact that several bureaus were transferred to the Department of Commerce, as follows: In 1925 the Patent Office, in 1926 the Bureau of Mines, in 1927 the Aeronautics Branch, and in 1930 the Radio Division; so there have been four bureaus added since 1925 to the Department of Commerce. The net increase in the past 13 years in what may be termed the "normal" Department of Commerce has been only \$3,294,478. This is a 14 per cent total increase in 13 years.

Mr. LOGAN. That is true; but notwithstanding all of that, the increase in expenditures has been very, very large, and no one anywhere disputes it.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Utah?

Mr. LOGAN. I yield.



Mr. KING. May I say to the Senator from Kentucky that the radio agency to which the Senator from Florida referred has been transferred to the Radio Commission. Nevertheless, the Department of Commerce insists doubtless upon maintaining a large number of employees unnecessarily for that purpose. There should not be two heads to the radio activities. There ought to be only one.

With respect to the Patent Office, may I say that a few years ago the Patent Office was self-sustaining, but under the present Commissioner of Patents, and possibly under his predecessor, the costs have been increasing. Only a few years ago we increased the salaries and personnel of the Patent Office materially, and still there is a deficit. The Patent Office, if it were properly run, would show a net revenue instead of a deficit.

Mr. LOGAN. I think there is no doubt about that.

Mr. FLETCHER. Let me call the attention of the Senator to the fact that the net increase in the past 13 years of normal Department of Commerce expenditures, without the addition of the bureaus referred to, has amounted to \$3,294,478.

Mr. LOGAN. I thank the Senator. In the figures which I have submitted I have tried to eliminate those things which do not truly reflect the normal increases in the various departments.

In 1921 the percentage of total Government income expended by the Department of Commerce was slightly more than 0.6 per cent. In 1930 it was slightly more than 1.6 per cent, or an increase in percentage of total governmental income of 166 per cent.

The Department of the Interior in 1921 expended \$25,993,438. In 1930 its expenditures were \$36,527,728, an increase in money of \$11,834,290 and a percentage increase of a fraction more than 45 per cent. Nearly all of that increase was absorbed by the Indian Bureau. The Indians have been very well treated in the last few years so far as appropriations would indicate.

In 1921 the percentage of total Government income expended by the Department of the Interior was a little less than 0.5 per cent. In 1930 the percentage of total Government income was a little more than 1 per cent, or a percentage increase of 100 per cent.

In 1921 in the Department of Justice, which we discussed briefly a while ago, the expenditures were \$6,610,440. In 1930 the expenditures were \$22,473,601, but it should not be overlooked that the prohibition enforcement unit has been transferred to the Department of Justice and that the expenses properly chargeable to that unit were \$8,977,000. If we deduct that sum from the total expenditure by the Department of Justice for that year, there is still left \$13,496,601, an increase in money of \$6,886,168, or a percentage increase of 104 per cent. In 1921 the percentage of total governmental income expended by the Department of Justice was a little more than 0.13 per cent. In 1930 the percentage of total income was 0.39 per cent, or an increase in percentage of 200 per cent.

The Department of State in 1921 expended \$8,055,000. In 1930 it expended \$13,833,921, an increase in money of \$5,828,921, or a percentage increase of 72 per cent. In 1921 the percentage of total Government income expended by the Department of State was a little more than 0.16 per cent. In 1930 it was 0.39 per cent, or a percentage increase of 143 per cent.

The Department of Labor in 1921 expended \$7,056,989. In 1930 the expenditure was \$11,387,950, an increase in money of \$4,331,961, or a percentage increase of slightly more than 60 per cent.

I could not figure out the Treasury Department. There have been so many transfers back and forth that I at least did not figure it out. Nor did I figure out the Army and Navy Departments.

However, I did figure out the "independent establishments." In 1921 the expenditures by independent establishments were \$44,435,257. In 1930 the expenditures were \$124,891,619, an increase in money of \$80,456,362, or an increase in percentage of 180 per cent.

What I have been talking about is governmental expense, the cost of administration. I do not mean to say that the expenditures were unnecessary or that they were unwisely made. If a man has plenty of money in the bank he can buy a good automobile, but if he has no money in the bank and owes everybody, which is the condition of so many people now, he has no right to buy an automobile. He must reduce his expenses. The time has come, it seems to me, when the Committee on Appropriations, either in the House or the Senate, or both—arbitrarily, if necessary, but certainly in any event—should take steps to decrease very materially the cost of governmental departments and independent establishments. I believe it can be done. I know it must be done.

We talk about raising money. I do not know whether we are going to get any money or not in the way of taxation. We know we have not enough with the indicated income so far for next year. It is true that we have a tax bill providing a sales tax and other kinds of taxes under consideration in another branch of the Congress. We can not get anything out of business by increasing income taxes because business has no income. When we go into the question of a sales tax we are entering a trail in the wilderness. We do not know where it will lead or whether we will get anything from it or not. It would be a good idea, it seems to me, for the committee to see if we can not trim this total down somewhat and wait until we find out how much money we will have to spend before we enter upon any such wild orgy of spending. So I very much hope that the motion of the Senator from Tennessee will prevail, and I know the chairman of the Appropriations Committee means what he says when he says the committee will do the very best it can to comply with the request of the Senate.

Mr. SMITH. Mr. President, I wish to enter my protest against the motion of the Senator from Tennessee, and I desire to give my reasons for my position. I take it for granted that the coordinate legislative body at the other end of the Capitol are just as patriotic and just as zealous for the maintenance of a proper relation between income and expenditures as are we, and that they have adequate machinery for performing the duties which devolve upon them in connection with the preparation of appropriation bills.

They have a committee whose duty it is to examine the facts. The committee is limited in number and perhaps does not reflect the full expert knowledge of other Members of the body who are not members of the committee; but the duty is imposed upon that committee, with such aid as it may get from the various departments and from what I consider a useless appendage to our Government known as the Budget Bureau—and if I had an opportunity to do so, I would vote against its perpetuation—to scrutinize meticulously and carefully the activities of the different departments, commissions, and other governmental agencies, and then to bring in their findings before what may be termed and what I believe is termed in the other body the "Committee of the Whole."

Then each Member of that body has a right, and it is his duty, to examine every item with which he is familiar. I do not think any Member is called upon to scrutinize, except more or less perfunctorily, the items which he himself has not studied and mastered; but there is nothing that comes up in a body of that kind in which some one is not particularly interested and to which some one has not given study; and if he is a proper man to be a Member of that body, or of this body, no selfish interest will sway his judgment. I know that selfish interests do affect judgment sometimes, but they should not. However, the facts are gathered and the other House then passes upon them. The bill goes through that mill and then comes to this body.

Here they go through identically the same process. In the Senate there are only two representatives from each State, and consequently their duty is larger and wider and more comprehensive than that of Members of the House. The bill is here referred to the Appropriations Committee, which has the benefit of the findings of the committee of the other body and the other body itself, together with additional facts



which it may ascertain. The committee of the Senate goes over the bill with care. It has some facts with which, perhaps, the other body was not acquainted. After it has gone through the bill with the care that ought to characterize the committee—and I have been here for a long time and I have found that the committees generally discharge their duties carefully and efficiently—then the bill comes to the floor of this body for further consideration and study.

Every department of this Government and every commission which is necessary ought to be adequately taken care of; they constitute the machinery of our organized society. After all this care in both bodies, the bill going through the same process in both places, undergoing elimination, substitution, comparison, and the truth being finally arrived at, why should we, before we consider it, arbitrarily impeach the other body by saying that they were derelict in their duty to the extent of 10 per cent? Why not 20 per cent? Why not 5 per cent? What right have we to say that the other body has fallen short of its duty and that 10 per cent of the total provided by it can be saved without impairing the efficiency of our Government?

I do not feel that I would be true to myself or to my colleagues if I should attempt to shift the responsibility which is on me as a member of the larger committee, namely, the United States Senate, to scrutinize each one of the items in this bill and determine whether or not, in my judgment, the amount is sufficient or whether it is too large or too small or what are the facts, and then to vote accordingly. If the motion were adopted, we would arbitrarily impeach a coordinate body by saying that they have not done their duty to the extent of an arbitrary 10 per cent and then force upon the committee of the Senate the absurd duty of reducing the amount carried by the House bill by such a percentage.

Suppose—and it is reasonable to suppose—that every item included in some of the appropriation bills, if not all of them, has been trimmed just as low as it can be trimmed consistent with the maintenance of efficiency, which governmental activities are we going to cripple beyond the degree of efficiency and which ones are we going to leave efficient?

It has been claimed that we must not cut all the appropriations 10 per cent, but must use discretion. Whose discretion—the discretion of the members of the committee or the discretion of this body upon whom the responsibility lies? Is it proposed when the bill comes back from the committee, carrying the 10 per cent reduction, that the Senate shall go over it section by section to ascertain whether or not, in its judgment, the reduction has been made wisely or unwisely?

In any event when the bill comes back will we have to do what we are required to do now, namely, to see whether or not the committee, in carrying out the arbitrary command, has made the reductions where they rightfully should be made. I submit that not a member of this body would be fulfilling his duty if he did not, after the bill comes back and the 10 per cent reduction has been achieved, satisfy himself whether or not it has been wisely achieved as it relates to the different items in the bill. The adoption of such a motion as that now pending is not going to expedite matters at all. It will not save one penny in the long run.

Why should we not proceed decently and in order, as sensible Members of the United States Senate should proceed, and scrutinize these bills in the light of the report of the committee and the facts that are before us and reduce the appropriations contained according to the judgment of the Senate acting as a Committee of the Whole.

Mr. President, I am not going to vote for the motion. I think, if agreed to, it would be an absurd shifting of responsibility. It is my duty to retrench, but to do so according to my judgment in conjunction with my colleagues and not arbitrarily to throw this burden on the committee that has already done its duty and brought in its findings. I challenge any Senator on this floor to rise up and point out what items ought to be reduced to make the aggregate of 10 per cent. The committee has declared what it thinks is

right, and when the House has done its best it seems to me that we should not send the bill back to them with the implication that they have failed in their duty to the extent of 10 per cent and thus impeach by that declaration a coordinate body.

Mr. President, our duty is clear and unmistakable. It is to take this bill and go over it item by item and trim it according to our idea of what is wise and proper with all the light before us, each and every one doing his duty here rather than to recommit it to a committee that has already done its duty.

Mr. BLAINE. Mr. President, I desire to offer an amendment providing for additional instructions under the motion to recommit.

On page 38, line 1, of the bill is an appropriation of \$11,369,500 for the Bureau of Prohibition. That is an appropriation available for the Department of Justice for enforcing the Volstead Act. Of that amount "not to exceed \$370,120 may be expended for personal services in the District of Columbia."

I desire to offer an amendment to the motion submitted by the Senator from Tennessee to this effect, that the committee is further instructed to strike out on page 38, in lines 1 and 2, the figures and words "\$11,369,500, of which amount not to exceed \$370,120 may be expended," and insert the figures "\$250,000."

Mr. President, the effect of that proposal is to strike out the appropriation for the enforcement of prohibition except the sum of \$250,000 to be used by the Department of Justice in the office of the Attorney General in Washington. It is essential to provide the Attorney General some appropriation to carry out the law, in view of the fact that the Congress transferred the Prohibition Enforcement Bureau from the Treasury Department to the Attorney General's department. There are certain matters that require the attention of attorneys and clerks and specialists in connection with the granting of permits, the approval of licenses respecting industrial alcohol, and other essential civil matters of administration. However, we find that there has been set up specifically in the law a large amount for the enforcement of this one specific undertaking.

It is unnecessary to discuss the merits or demerits of prohibition in connection with this proposal. Neither the merits nor the demerits are involved. There is a fundamental principle involved, however. In no other undertaking in which the Government of the United States is engaged is there set up such complete machinery for the enforcement of a specific law as is contained in this bill and in the general law.

The Attorney General's department has appropriations to enforce all other penal laws and has appropriations for the purpose of carrying out all the administrative features of the Department of Justice—features both civil and criminal. This appropriation bill carries, under Title II, for the office of the Attorney General, for his assistants, for the Solicitors of the Treasury, Commerce, and Labor Departments, and the office forces of the Solicitors of the Treasury, Commerce, and Labor Departments, the sum of \$1,287,780. That covers the general official administration of all the duties of the Attorney General in the Department of Justice here in the District of Columbia, and a part of those duties, and a part of the services rendered by those in the department, is the enforcement of prohibition.

For the purchase of law books there is \$9,000 appropriated. That part of enforcement, whether of the prohibition law or some other law, is provided for.

For the contingent expenses for the Department of Justice the bill carries an appropriation of \$93,000. Within that appropriation are sums that go toward the payment of certain services and certain activities on the part of the Attorney General's department in the enforcement of prohibition. It still remains, notwithstanding the effect of the amendment which I have proposed, if it were adopted.

For rent of buildings for the office of the Attorney General, \$122,000 is carried by the bill. Those buildings are



used by solicitors, by attorneys, and by clerks who are engaged in part in carrying out activities respecting the enforcement of prohibition.

For printing and binding for the Department of Justice and the courts of the United States there is an appropriation of \$350,000. That appropriation will take care of all the essential printing and binding necessary for the Department of Justice in the enforcement of prohibition.

Another item of \$20,000 for traveling and miscellaneous expenses will in part be used by those who are engaged in the enforcement of prohibition.

We find in the same bill, under the same title, the general provision relating to the detection and prosecution of crime. That includes all crime against the Government of the United States. It provides for the activities of the Department of Justice in the enforcement of law against those who commit crimes against the United States, including violations of the prohibition law. For that purpose there is appropriated \$2,826,210.

The appropriation for the examination of judicial offices—that is, the official acts, records, and accounts of marshals, attorneys, clerks of courts, probation officers, and United States commissioners, all of whom have some legal function to perform in the enforcement of prohibition—would remain exactly the same as it is.

In addition to that, there is an appropriation of \$239,650 for the salaries and expenses in the Bureau of Prisons. In those prisons are incarcerated violators of the prohibition law. So, with respect to that question of enforcement, the law will stand as it is and the violators will continue to be imprisoned, notwithstanding the elimination of the \$11,000,000 appropriation.

So, then, we come to the proposition that the appropriations to which I have made specific reference are designed for the purpose of enforcing all laws, quite regardless of what those laws may be, including the prohibition law.

Mr. President, I maintain that all laws ought to be impartially enforced. I know of no reason why an expensive department such as is the Prohibition Bureau should be set up and given over \$11,000,000 for the purpose of enforcing a specific law. It is contrary to the best practices known in all civilization respecting the enforcement of law.

What is there about the prohibition law that requires that there should be set up a specific, special department and millions and millions of dollars appropriated to enforce that law? Is that law any more sacred than is the law against embezzlement of Government funds? Is the prohibition law any more sacred than the law against robbery of the mails? Is the prohibition law any more sacred than any other law on the statute books of the United States?

Mr. President, it seems to me that we ought in these times to go back to the standard, logical, sensible method of enforcing law, but enforce all laws with the same vigor, with the same impartiality. So by striking out this \$11,000,000 we will still leave for the Department of Justice \$250,000 to carry out the additional obligations that were placed upon that department when the Prohibition Bureau was transferred to that department.

I do not know that it requires that amount. No one knows; but certainly \$250,000 is ample to pay the salaries and the services in connection with the civil administration of the prohibition law within the District of Columbia at the office of the Department of Justice.

The marshals, the United States attorneys, the clerks, all of the organized machinery of our courts, are provided for in the general appropriations of the Attorney General's Department—every one of them. They all function in respect to the enforcement of all law. Every means, every part of the machinery, every power of the Government, can be exercised by the Attorney General's Department in the enforcement of prohibition notwithstanding the striking out of this \$11,000,000, just as those functions and powers are exercised by the Attorney General in the enforcement of any other law of the United States.

So, Mr. President, as I have outlined in these few remarks, it is not a question of prohibition enforcement any

more than it is a question of enforcement of the laws against mail robbery or embezzlement, or interstate commerce in stolen automobiles, and a whole category of criminal laws. They all should be under the same department, enforced in the same manner, and enforced without discrimination, impartially, and with the same zeal as may be exhibited in the enforcement of any law.

There is nothing special about a law that undertakes to determine and regulate the personal customs and habits in which people have engaged and which they have enjoyed for centuries past that demands any different or other or special enforcement than is involved in the enforcement of all other laws. For that reason I think the entire amount, with the exception of the few thousand dollars necessary to carry on the necessary work in the office of the Department of Justice here in Washington, should be stricken out.

Mr. President, that means a saving of over \$11,000,000. That is worth while. It can be done without any detriment to the enforcement of law. If it is done, it will be in harmony with the practices in the enforcement of all laws of the Government.

I can not conceive of any reason why there should be a sales tax placed upon food and clothing, the necessities of life of the poor, and \$11,000,000 taken from the same poor and put into the hands of detectives and spies to snoop upon their neighbors; put in the hands of spies so that some one might be sent to jail if there should be an opportunity to take a drink, spies who are engaged in the most nefarious undertaking in which any human being can engage. There is nothing laudable or honorable in the life of a spy. In war times, when they are detected, they are taken out at sunrise.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. LONG. Has it been the Senator's experience that the prohibition-enforcement officers in the various States pick out such institutions as they wish to raid and leave others? In other words, they have quite a selection that appears never to be troubled, except it may be at some stated intervals.

Mr. BLAINE. The Senator asks me the question, and I think I can give some testimony upon that proposition. The prohibition agents usually have special clients who are not disturbed. Prohibition agents usually have some particular territory in which they conduct their raids, and other territories are left quite free. There is no question about that. There is no question, Mr. President, but that the enforcement of prohibition has involved the Government and its agents in bribery and in corruption, and the Government of the United States even pays money out of the Public Treasury with which these prohibition agents commit offenses themselves. So it seems strange to me that we should continue to engage in the futile undertaking of attempting to control the personal habits and desires of men and women. It has not succeeded; it never did succeed in any country in the world. Prohibition has been a failure wherever it has been adopted, and, as I said on the floor of the Senate not long ago, America is the single country in the whole world to-day that has a prohibition law. America, as far as that subject is concerned, as I stated, is still in the Dark Ages.

I hope my amendment will be adopted.

Mr. McKELLAR. Mr. President, I have no intention whatsoever to discuss the legal question. All I want to do is to explain to the Senate just what this amendment is. It is to take out one item of this appropriation bill and strike it out before the bill is recommitted to the committee. I do not think any item, it makes no difference whether it is good, bad, or indifferent, should be taken out, but if we are to recommit the bill, I think the whole matter ought to be recommitted together. When the bill comes back, the Senator will have an opportunity to present his amendment to the Senate, and it will be for the Senate to pass on the amendment at that time. I hope the Senator will take that course.

Mr. BLAINE. Mr. President, the item to which reference has been made is the largest single item in the whole bill, is it not?



Mr. McKELLAR. Yes; but I think the committee ought to pass upon that item, just as it ought to pass on every other item in the bill.

Mr. BLAINE. It not only is the largest item in the bill but is almost equal in amount to the amount which would be saved under the 10 per cent reduction proposed by the Senator from Tennessee.

Mr. LONG. Mr. President, I, for one, have never voted against any prohibition legislation. I do not consider the amendment of the Senator from Wisconsin as being on the question of prohibition. I might not entirely agree with his views. However, our experience with the funds which have been distributed in our section of the country has led us to the conviction that they have never been productive of law enforcement.

I have seen flourishing in the city in which I live establishments in which liquor has been dispensed openly and widely. I wrote a letter to the Department of Justice when I was Governor of Louisiana undertaking to ask them if they were going to enforce the prohibition law in New Orleans not to raid the establishment of every man who had a "Huey Long" sign on his front door and leave every other institution going wide open that did not have such a sign. I gave them the names and the places; I designated the spot where the liquor establishments were running in the city of New Orleans as wide open as they ever operated a restaurant; gave them the names, gave them the lots, gave them the addresses, showed them that instead of having undertaken to close down that kind of establishment they had gone up three stories, employed agents to knock on this door and other agents to knock on the other door, to raid some man where it took two and a half hours, with a half a dozen agents, to find him, while leaving others operating upon the streets at the addresses I had given them with no undertaking whatever to enforce the law.

There has been no difference in that practice. I see no good being done by the expenditure of the money that is being appropriated under this special item. I do not think the caliber of men who have been employed to enforce the prohibition law, so far as I have been able to find out anything about them, deserves an appropriation of \$11,000,000 on the part of Congress.

If I thought it was interfering with the enforcement of the prohibition law, I would not vote to strike out the item of \$11,000,000 from the appropriation bill, but my conviction is that it is not assisting the enforcement of prohibition at all to give them special departments and \$11,000,000 for the enforcement of the law in the way in which it has been enforced in the territory with which I have had more or less intimate association.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the junior Senator from Wisconsin [Mr. BLAINE] to add further instructions to the motion of the Senator from Tennessee [Mr. McKELLAR].

The amendment was rejected.

The VICE PRESIDENT. The question now is on the motion of the senior Senator from Tennessee [Mr. McKELLAR].

Mr. McKELLAR. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Hebert	Norris
Austin	Costigan	Howell	Nye
Bailey	Couzens	Hull	Oddie
Bankhead	Dale	Johnson	Patterson
Barbour	Davis	Jones	Pittman
Barkley	Dickinson	Kean	Reed
Bingham	Dill	Kendrick	Robinson, Ark.
Black	Fess	Keyes	Robinson, Ind.
Blaine	Fletcher	King	Schall
Borah	Frazier	Logan	Sheppard
Bratton	George	Long	Shipstead
Broussard	Glass	McGill	Shortridge
Bulkley	Glenn	McKellar	Smith
Bulow	Goldsbrough	McNary	Smoot
Byrnes	Gore	Metcalf	Steiwer
Capper	Harrison	Morrison	Thomas, Idaho
Caraway	Hatfield	Moses	Thomas, Okla.
Carey	Hawes	Neely	Townsend
Coolidge	Hayden	Norbeck	Trammell

Tydings  
Vandenberg  
Wagner

Walcott  
Walsh, Mass.  
Walsh, Mont.

Waterman  
Watson

Wheeler  
White

The VICE PRESIDENT. Eighty-six Senators have answered to their names. There is a quorum present.

Mr. ODDIE. Mr. President, I hope this motion will not prevail. As a member of the Committee on Appropriations, I have worked long and hard on this bill and on the other appropriation bills which have come before us. A number more are to come before us, and I wish the Members of the Senate generally knew how hard and earnestly that committee has been working.

The recommitting of the bill will mean contributing to unemployment, and we can not afford to do that to-day. It will mean throwing worthy men and women out of employment and swelling the ranks of the unemployed.

Mr. President, I consider it false economy to do this. I feel that it is a mistake. It will cripple the various branches of the Government which are affected, and it will hold back the return to normal times. It will contribute to a continuation of the distress.

I hope the motion will not prevail.

The VICE PRESIDENT. The question is on agreeing to the motion of the senior Senator from Tennessee [Mr. McKELLAR].

Mr. McKELLAR. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. NORRIS. Mr. President, it is conceded, I think, by those who favor the motion that the step we propose to take is illogical and that it is anything but efficient. It is argued that it is the only thing left for us to do, that it is the only way we have of reducing the expense of government which we believe ought to be reduced. I am not prepared to say that the argument is not sound, although I have not yet reached the conclusion that we have arrived at the time when such a desperate method of reducing expenditures is necessary.

To make such a reduction without any reason except that we are going to reduce expenses and to confess that we are not able to make reductions along efficient lines as we ought to do, is a confession on the part of the Senate in which I am not willing to participate now. We may come to that time. It may become necessary, but I do not believe we have reached the condition where it is necessary to resort to such illogical and inefficient methods to obtain a reduction.

Mr. McKELLAR. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Tennessee?

Mr. NORRIS. I yield.

Mr. McKELLAR. The figures from the Treasury Department as given here this morning show that our revenue is about \$2,600,000,000, or a little bit more, while the appropriations this year will run a little over \$5,000,000,000. In other words, our income will be about one-half of our outgo. Does not the Senator think it is time we were looking into that rather serious situation?

Mr. NORRIS. I do. I agree to that.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I yield.

Mr. KING. During the summer, the fall, and the winter I am sure the Senator heard statements frequently made by Congressmen and by Senators and by the press that there ought to be and will be a reduction of at least \$500,000,000 from the normal appropriations which we would make in ordinary times of prosperity. With a diminution of 10 per cent upon each appropriation bill it would scarcely reach the amount which I have just stated and which, it seemed to be the consensus of opinion, should be the amount of reduction in the general appropriations.

I am sure the Senator with his fine regard for conservatism in Government expenditures will deplore as much as anyone a deficit. I am sure he will concur in any measure that will tend to prevent a deficit and enable us to maintain the credit of the country. It does seem to me in the light



of the facts that the committee—and I am not criticizing them at all—have failed to meet the situation and make the reductions which it seems are inevitable, and that the drastic method is justified, even if it is only a gesture and does only challenge the attention of the committees and the country to the fact that we are in a position which calls for drastic measures, apart from what the Senator has called logical methods of legislation.

Mr. NORRIS. All right; suppose that is all true. Still I do not believe that we are now driven to adopt the desperate and illogical method which the pending motion suggests. We are asked to reduce without reference to what we are to reduce. We are asked to say that the total appropriation carried in the bill must be reduced in the aggregate 10 per cent below what it was as it passed the House. To begin with, has anyone produced any evidence that as it passed the House the amount is not already reduced to the very minimum? I do not know that it has been. I do not believe we have yet had evidence that the appropriations in the bill as it passed the House were too high. I myself think many of them can be reduced very materially and probably more than 10 per cent, but we ought to do it in a logical way and make the reduction where the reduction ought to take place.

In this bill more than in any other appropriation bill, in my judgment, we can make very large reductions without materially injuring the country; but we ought to make them after due and fair and honest consideration, and not just take a knife and cut off items in the dark, because if we make reductions in that haphazard way, we will evidently do injury many times and in other instances not get the reduction we ought to have.

The bill appropriates money for the Department of Commerce among others. The country lived for 100 years or more and got along fairly well without a Department of Commerce. We could wipe it out of existence to-day and save all the money appropriated for its personnel, from the Secretary of Commerce himself down, and still the country would go along pretty well. I would hate to do that, but I would rather reduce in a way similar to that than to take the knife and blindly cut everything 10 per cent or upon any other such basis.

The Department of State has its representatives all over the world, in hundreds and hundreds of cases with nothing to do but to dress up, go to dinners, wear fine clothes, and attend to social duties. We could get rid of thousands of them without injury, but with real benefit to the country. When the world is in a depression such as it is in now, the United States Government, in my judgment, could well take the lead in saying to the rest of the world, "We are going to cut our Government off from all kinds of social functions."

It is conceded that in the bill, which the Secretary of State says is already cut to the bone, are appropriations to buy clothes and to furnish entertainment of a social nature having nothing whatever to do with Government anywhere. We can cut out those items, all of them. There ought to be in some cases 100 per cent reduction. There are many such instances in the bill. There is money appropriated in the bill for the State Department which I presume, if undertaken to be spent in the United States, could not legally be spent without a violation of the prohibition law. We could cut out all such items and we ought to cut them out for two reasons—first, because under no circumstances have they any business there; and, in the next place, because under present conditions we must reduce expenses.

But these items are going to be approved. By this motion we are not going to reduce materially these useless and unnecessary expenses. There is more money spent by our officials in living up to the demands of society than there is money spent in the performance of official duties. As a great democratic government we ought to say to all the world, "When people are starving all over our country and the rest of the civilized world, we are going to cut off such expenditures. No taxpayer's money is going to be

used to buy clothes, to buy flowers, to buy food for entertainment in high social quarters." It would not be difficult to cut out all such items. It would be possible by a stroke of the pen on the part of the President of the United States to stop it all, and to stop it instantly. But we are appropriating money here for that purpose.

I would like to see the amount carried in the bill "cut to the bone." I think if properly considered, we could reduce it much more than 10 per cent, but there are items in the bill where the appropriations suggested are necessary.

I do not know what may happen in the near future. If the depression keeps on over the world and becomes a permanent thing, the entire world will be in the hands of a receiver, and it will not make any difference then whether we appropriate or not, because we will not have money to appropriate for anything. The hope is, the feeling is, the belief is that this condition is not going to last forever. We all believe that it is only temporary. The world is upside down. It is paying the debts and paying the penalties of a great World War which put everything else in history in the background. We had had nothing like it. We are still in the war in a degree. We are still suffering from the extravagance which is going on in one quarter while there is starvation and poverty in other quarters. We ought to have the wisdom and the ability to go through the bill and cut down the appropriations contained in it. I think some of them should be taken out entirely.

Yesterday there was some discussion of an amendment on page 12 of the bill. I was surprised when I found out what the money really was to be used for. I am not a member of the Committee on Appropriations. There is nothing on the face of the bill to show just what it is appropriated for. Let me read it:

To enable the President to meet unforeseen emergencies arising in Diplomatic and Consular Service, and to extend the commercial and other interests of the United States and to meet the necessary expenses attendant upon the execution of the neutrality act, to be expended pursuant to the requirement of section 291 of the Revised Statutes, \$200,000.

This was increased by the committee to \$300,000. I suppose that is one of the items which the Secretary of State asked to have increased as referred to in his letter to the chairman of the committee. There is nothing wrong about that language as I read it. There is nothing that indicates that the money is to be used for entertainment. But we are told that out of that fund payment is made for entertainment. I do not know to what extent, but to the extent that it is used for that purpose, it ought, in my humble judgment, all to be stricken out. Not one penny should be appropriated for that purpose.

Again, on the same page, I read this item:

For post allowances, as authorized by the act approved February 23, 1931, \$50,000.

This appropriation the committee has increased to \$100,000. I suppose that is another item as to which the Secretary of State in his letter, a part of which the able chairman of the committee read to the Senate, has advised an increase. I should like to ask the chairman of the committee if that is correct?

Mr. JONES. That is correct, but that item is not for entertainment purposes or anything of that kind; it is to meet the varying situations arising by reason of climatic conditions, and so forth, among poorly paid employees.

Mr. NORRIS. This particular item is not for entertainment, but, as the Senator stated on yesterday, and I noted the statement on my copy of the bill, this appropriation is used to pay rent and to buy clothes. If an employee in the Torrid Zone is sent up somewhere near the North Pole to carry on his official duties, the Government buys him a new suit of clothes, a beaver overcoat, and such things as that, and perhaps such commodities as may be slipped into overcoats to help keep one warm in a cold climate.

Mr. JONES. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. NORRIS. I yield.



Mr. JONES. Of course, I appreciate the situation. The purpose of the appropriation may be described in the language the Senator uses, but it is extreme language.

Mr. NORRIS. Well, it is an illustration of what could be done.

Mr. JONES. That is true; but it is rather ridiculous to think that it would be done.

Mr. NORRIS. It is ridiculous to me to think that such a provision is in the bill at all. At the bottom of the same page I find this provision:

For representation allowances, as authorized by the act approved February 23, 1931, \$25,000.

The Senate committee again, I presume, under the advice of the Secretary of State, have increased the appropriation to \$100,000. That item looks innocent on its face. As I remember the statement of the chairman of the committee yesterday, out of that appropriation some new clothes are bought.

Mr. JONES. No, Mr. President.

Mr. NORRIS. What is bought out of that appropriation?

Mr. JONES. Not new clothes; but something worse.

Mr. NORRIS. I will bet my last penny that secondhand clothing will not be bought.

Mr. JONES. Something even worse than that.

Mr. NORRIS. Something is bought to carry in the clothes to put inside the men later on. [Laughter.]

Mr. President, why not obliterate that appropriation entirely? It is an innocent-looking item on its face, but I presume there is enough whisky in that \$100,000 to provide for the whole Diplomatic Corps and make every one of them drunk. [Laughter.]

That is extravagance, in my judgment; but if we cut it down 10 per cent, we would take off but \$10,000 and still have enough left to get more men drunk than there probably are in any one branch of the Diplomatic Corps.

Mr. McKELLAR. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Tennessee?

Mr. NORRIS. I yield.

Mr. McKELLAR. If this bill goes back to the committee under the motion I have made, it will be in the province of the committee to cut out that item entirely.

Mr. NORRIS. I agree to that.

Mr. McKELLAR. And, by the way, I want to say that I agree with the Senator about this entertainment item. I think at this time, when our Government is pressed as it is, we ought to cut out entirely appropriations for entertainments, and I hope to have the pleasure of voting to do so when the bill goes back to the committee.

Mr. NORRIS. Mr. President, evidently the influence of the Secretary of State is great with the committee. I confess, when I listened to the argument made here in favor of the pending motion, I felt, in desperation almost, as though I ought to vote for it; but I voted against the other similar motion, and this one seems to me to be so illogical; it may not result in making reductions that are even desirable, in my judgment, and it proposes to make reductions without reference to merit that I can not bring myself now to the idea of voting for it. We may have to cut out many items if the hard times continue longer than we think they will—and they may—that we now regard as necessary.

As I have said, the Department of State has its representatives all over the civilized world, giving entertainments to foreigners to talk to whom they have to have an interpreter, and in the same localities are representatives of the Department of Commerce. It may be they do some good; I am inclined to think they do; but it seems to me now that we ought to get along without the services of thousands of them in order that we may economize.

Mr. JONES. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. NORRIS. I yield.

Mr. JONES. It is unnecessary, I know, for me to suggest to the Senator that many of these items could be cut out entirely by the Senate.

Mr. NORRIS. I think so, and I will say to the Senator I think we ought to cut them out.

Mr. JONES. I would heartily vote that way as to many of them.

Mr. NORRIS. We ought to cut out every one of those mentioned. We can do so with less injury than we can cut out many other appropriations. For instance, while we do not appropriate directly for common schools, we would exceedingly dislike to cut down governmental expenditures so that we would have to close our public schools. I can conceive of a condition where we might have to do that, but I do not believe we have reached that point as yet.

I do not believe that we ought to get so scared over the fact that we have a deficit, even though we have to borrow money temporarily in order to tide us over a bad condition. It is a serious question whether that is not better business than to destroy some of our institutions that are necessary for the education of our children and for the welfare of our people generally. Although it is not in this bill, I should dislike to cut out, for instance, all appropriations for the Public Health Service. I would not want to cut out all appropriations for the War Department and the Navy Department, although I think we can well afford to reduce them very much. I would not want to obliterate the State Department, and while I can not say, because of a lack of intimate knowledge just how much we could reduce its appropriations, I do know that the provisions of the bill for State Department activities are filled with what seem to me not only unnecessary but harmful appropriations.

We ought to say to the world, "We are going out of the society business, we are going to stay in the government business, and we are not going to permit our representatives abroad to devote fortunes, whether their fortunes or the fortune of the Government, to the expensive luxury of giving dinners and other social entertainments which cost millions and millions of dollars, particularly when our people at home and people abroad are suffering for the very necessities of life."

Mr. COUZENS. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. NORRIS. I yield.

Mr. COUZENS. I wonder if the Senator has ascertained, from a study of the bill, why the committee cut down the appropriation for the Children's Bureau \$100,000 and added \$75,000 to the booze item?

Mr. NORRIS. No; I do not understand why.

Mr. COUZENS. The booze item was raised from \$25,000 to \$100,000 and the appropriation for the Children's Bureau was cut from \$395,005 to \$295,500.

Mr. NORRIS. In my judgment, both those changes are mistakes. If I had my way about it, while we may reach a point if we get far enough behind, so that we will have to wipe out the Children's Bureau, it would be one of the last things that I would want to cripple. It is something, I think, that will redound in the end to the honor, to the glory, and to the perpetuity of our Government itself to see that children are properly reared, properly fed, and properly educated, in order that they may be able, when the time comes, to take upon their shoulders the responsibilities of civilization and of government.

Mr. ROBINSON of Indiana. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Indiana?

Mr. NORRIS. I yield.

Mr. ROBINSON of Indiana. I simply want to observe, in connection with what the Senator has so well said, that in many places throughout the world consular officers and other representatives of the State Department and the foreign representatives of the Department of Commerce apparently are engaged in much the same work, gathering the same statistics, interviewing the same people, to such a degree, indeed, that there has developed in many places intense rivalry between the various agents of the respective departments of the same Government. Certainly the agencies of the Commerce Department or those of the State



Department could cover the field entirely and save that duplication of expense. I merely wanted to make that observation in connection with the Senator's remarks.

Mr. NORRIS. I thank the Senator for his observation; he has told the truth. There is real competition, even, I understand, in foreign lands, between representatives of different departments of the Government. Probably there are instances where neither department ought to be there at all; we could pull out entirely and save all the money thus expended by both departments.

Mr. GLENN. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Illinois?

Mr. NORRIS. I yield.

Mr. GLENN. I myself have wondered about these commercial attachés, as they are called. The Department of Commerce has now reached into almost every corner of every country on the globe, and it seems to me, from what I know of their activities, that they are traveling salesmen for private enterprises in this country, going about the world and through the world, maintained by our Government for the benefit of private corporations here. They are what we called in the old days in the country towns "drummers," drumming up business for private interests at the expense of the Federal taxpayers. It is activities such as those which have multiplied so widely and so rapidly which have aroused the feeling of the people of the country against this rapidly growing expansion of the Federal Government. I can not see any real justification for such activities.

Mr. NORRIS. Now, Mr. President—

Mr. ROBINSON of Indiana. Just one further word, Mr. President.

Mr. NORRIS. I yield to the Senator.

Mr. ROBINSON of Indiana. Let me suggest, if the Senator from Nebraska will be good enough to yield, that this rivalry becomes oftentimes so keen as to work positively to the disadvantage of the United States.

Mr. NORRIS. I think it does.

Mr. DICKINSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Iowa?

Mr. NORRIS. First let me answer the suggestion made by the Senator from Illinois, which was very timely. I would not under normal conditions abolish entirely the system to which he has referred. I believe it does some good for our business men, although as a rule it is the large corporations that get the benefit of the market obtained by these "drummers," as the Senator has well named them. In a time like this, however, Mr. President, this is an item where we ought to cut the appropriation. There is not any business now and all the traveling men in the world can not get it. We have put the rest of the world away from us to a great extent by a tariff that is as high as the mountains; the depression has come on and, it seems to me, when it is admitted that we must cut appropriations somewhere, here is a place to cut them, even though we may not want to do so.

I now yield to the Senator from Iowa.

Mr. DICKINSON. Mr. President, with reference to the conflict between the State Department and the Commerce Department and the Agricultural Department I desire to suggest that in my judgment that complaint in former years was justified. I do not believe it is justified now. For the past three to five years those three departments of the Government have been working out a systematic cooperative program whereby there is not the duplication suggested by the Senator from Indiana.

If we want to curtail the service and do away with the possibility of having trade emissaries in foreign countries, all right; but I do not believe we are going to find that there is as much duplication there as has been suggested.

Mr. NORRIS. Well, why have them there, even if there is not duplication at the present time? They are not getting us any business now, are they?

Mr. DICKINSON. In my judgment, that would curtail what business we are getting over there; and we are holding our share.

Mr. NORRIS. The best way to get some of that business, I think, is to say to the world, "Instead of shutting ourselves in by a tariff wall that runs to the sky, we are going to put our tariff down to a reasonable point and do business with you and enable you to live as well as ourselves."

Mr. ROBINSON of Indiana. Mr. President—

Mr. NORRIS. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. In answer to the Senator from Iowa, I will say that I had not as yet mentioned the Department of Agriculture, and do not think I care to do so, with reference to any duplication of effort, expense, and overhead; but as recently as last summer some of this duplication was going on as between agencies of the Department of Commerce and the Department of State—so much so in various parts of the world that there was the keenest rivalry between the two departments, and in some instances foreign governments have been nonplused to know why there should be this keen competition between different governmental departments of the same country. So, in answer to the Senator's suggestion that that condition might have existed three years ago, I am suggesting to him that it exists now, or it did exist as recently as the past summer.

Mr. NORRIS. I will say to the Senator from Indiana that it exists to-day; and if you talk confidentially with some of the men in the Department of Commerce and in the Department of State, they will tell you that only a year or two ago the competition was so great that there were even strained relations between the heads of two or three of these departments. I know that to be the case, because I came in contact with them in one way or another, and found that it was there. They were jealous of each other. One wanted the other to take his men out and let him have the territory, and the other would not do it. They came in competition, and the result was rivalry and jealousy.

When a man is in a manufacturing business and has traveling men on the road, when his business all disappears and he has no more customers, it may be bad business to pull his traveling men off temporarily, but I think that is what business men do. The Senator from Utah [Mr. Smoot] suggests that he would put on an extra man; but if five men can not get you any business, probably six can not get you any business. Anyway, in these times, when we must cut appropriations somewhere, we ought to say, "If these traveling men in foreign countries are necessary, let their expenses and their salaries be paid by the men who get the benefit of the business, if any, that they bring to those men."

Mr. President, it was developed yesterday, and admitted to-day, that some of these items have no more to do with the official duties of our representatives abroad than the flowers that bloom in the springtime. It is in the minds of some people, some alleged statesmen, that in order to do business with a man you must take him to the theater, you must buy him 50-cent cigars, you must give him something to drink, you must give him a dinner.

The ordinary business man, however, looks with horror upon the traveling man who tries to hoodwink him in that way. While he may accept his invitations to the theater, and to other places of amusement known better outside of the Senate than in it; while he may accept the entertainment, he may smoke the cigars, he may drink the whisky, he realizes that if the man who is trying to get his trade with inducements of that kind makes any money, he must charge enough to get back with a profit everything that he has spent for this unnecessary and useless entertainment. So we ought to say to the world, "We are not going to bribe you to get your friendship, neither are we going to pay for the whisky to get you drunk in order to make you our friends," and they will respect us more in the end than though we pursued a different course.

Why, it is said here—and we have something in this bill for it—that when a man changes his location, and has to



have a new suit of clothes, he pays for it out of this appropriation. If he has to buy something to entertain the officials of other governments, he pays for it out of the taxpayers' money; and yet we are crying for reduction of taxes!

Mr. President, it has been only a few weeks since it was publicly announced in the newspapers that Mr. Mellon would not have to buy any knee breeches when he went over to London; that General Dawes had given him his, and that Mr. Mellon was going to use them. It is unnecessary for us to appropriate money to buy clothes for men who accept these posts and spend ten times more than their salaries in entertainments and social functions.

So it seems to me, Mr. President, that the Senate itself ought to cut out these appropriations. Instead of increasing from \$25,000 to \$100,000 this "booze appropriation," as the Senator from Michigan [Mr. COUZENS] so well calls it, let us cut it out entirely. Instead of increasing the fund for new clothes from \$50,000 to \$100,000, let us cut that out. Instead of increasing the entertainment fund from \$200,000 to \$300,000, let us cut that out.

The adoption of this motion for a 10 per cent reduction will not accomplish those things. We will find when the bill comes back here that these funds will still be in it, because there is too much influence in society to take them out. After all, society, to a great extent, controls governmental functions, not only in Europe but in the city of Washington as well.

Mr. ASHURST. Mr. President, it may be remembered that I spoke briefly on this subject yesterday. I have no desire now to traverse the same ground, and I am sure no Senator would welcome such performance on my part; but I have been challenged by good friends personally, politically, and parliamentarily, and have been told that the only way we can ever secure a reduction is by a flat 10 per cent on each bill.

I am reminded that when the responsible authorities many years ago concluded to build the Siberian transcontinental railway, and the engineers laid before the then Czar the blue print and said, "Your Majesty, will you kindly indicate the general route that you would like to have this great railroad take from St. Petersburg to Vladivostok?" the Czar took a straightedge and a pencil and marked a straight line and said, "That is the way I desire the road to go." "But," they said, "Your Majesty, there are hills, there are mountains, there are grades, there are rivers to be considered." He said, "Well, against my idea rivers and mountains and grades amount to nothing. I want it built in a straight line." Of course, the engineers did not do it. They built a great road, but they could not pursue the line the Czar indicated.

I wish it distinctly understood that I am not cynical with respect to reducing appropriations. I believe that those who are going to hold office in the future in county, State, and Nation will be those who appreciate and try to reduce the heavy load of taxes the American people are bearing. Some Senators see in the distance something of peril to our Republic, some see another peril; but for some years I have seen, not in the distance but in the offing, a gigantic octopus that will ultimately strangle all business in America unless restrained. I refer to excessive taxation in State and Nation. I wish it distinctly to be understood that I am in sympathy with the general result sought to be obtained by the Senator from Tennessee; but I believe that he will not lead us to any position where we can get a practical reduction in governmental expenses.

I have always been proud of the Senate. No matter what traduccments and maledictions may be poured upon the United States Senate, there is not a citizen of the United States but would be glad to be here. It is a great office, and it is a great honor to be a Senator of this Republic, but I must admit that the Senate pays itself a poor compliment when it says, forsooth, "We can not take up a great appropriation bill nor make these refined distinctions as to who shall have an appropriation increased or what department should have it reduced." That, to my mind, is a poor

compliment to the Senate of the American people—that they are so debilitated in intellect, in information, or in character that they must, forsooth, throw the whole bill back to the committee in order that the committee may act for them.

Mr. President, in view of my opposition to the flat reduction of 10 per cent, because I believe it is illogical and will not work true reform, I have been asked to state wherein I think, then, that any appropriations could be reduced.

Only yesterday, on page 12 of the bill, I indicated where I think at least two or three hundred thousand dollars of appropriations might be saved and not made. I am not a member of the Committee on Appropriations. My colleague [Mr. HAYDEN] is. Moreover, in addition to his membership on the committee, I have scanned the membership, the personnel. They are Senators of patriotism, of clear judgment. A man who serves on the Appropriations Committee does a heavy duty, and I doubt if he should have any other assignments, because it is real work to serve on the Appropriations Committee. The questions I am now about to ask with respect to items in this bill do not and should not indicate that I am opposed to those that I am going to mention.

I hold before me here the Official Register for the year 1931. Senators, of course, peruse this book frequently, one not more than the other. I will ask them to advert to page 101 of this Official Register.

Under the Department of Commerce we find a large number of commercial attachés listed. They are too numerous for me to attempt to name. But, for example, here is a commercial attaché at Santiago, Chile, at \$8,000 a year; one at Paris, France, at \$10,000 a year; one at Shanghai, at \$10,000 a year; one in Guatemala, at \$6,500; one at Montevideo, Uruguay, at \$6,000; one at Tokyo—and I will omit the salaries, because they range from four to six thousand dollars a year; Lima, Peru; Cairo, Egypt; Bogota, Colombia; Johannesburg; Buenos Aires; Bucharest; Berlin; Budapest; Rio de Janeiro; and so on through many pages.

I had supposed that our consular officers abroad took care of business for the American Government and our business men, and that our Diplomatic Corps, our envoys, our ministers, our ambassadors took care of all other matters not particularly relating to business. Doubtless the chairman of the Committee on Appropriations can give me the reason why we apparently have men at salaries of from \$4,000 to \$10,000 a year in all the principal cities of Europe.

Mr. President, if one travels in Europe he can scarcely walk about without stumbling over a commercial attaché representing the United States at some \$8,000 or \$10,000 a year. They may be necessary; I do not know. I can not vote to reduce their salaries 10 per cent, because I do not know. Possibly all of the business we have abroad is due to their activities. I now ask the honorable chairman of the Committee on Appropriations to tell me what service these functionaries perform and when they were first inducted into office; and may we not make some reduction by eliminating some of them here and there?

Mr. JONES. Mr. President, in the first place, their positions are established by law. It was through legislation which Congress enacted that the positions were created.

Mr. ASHURST. That is just what I wanted to know. I am not too proud to expose my ignorance on the subject. I seek information.

Mr. JONES. I know the Senator's interest, and the reason for his inquiry.

Mr. ASHURST. Are these officials absolutely necessary?

Mr. JONES. They may not be very necessary now—

Mr. ASHURST. That is what I thought.

Mr. JONES. Yet they might be next month, or they might be next year. At any rate, we enacted the legislation which created the offices and the positions, and it is not for the Committee on Appropriations to say that these men should not be paid.

Mr. ASHURST. It is for the Senate.

Mr. JONES. It is for the Senate; yes.



Mr. SMOOT. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. JONES. The Senate would not make a change without some alteration in the law, no doubt.

Mr. SMOOT. I want to say to the Senator that I think that in times like the present these men are of more importance in securing business for the industries of this country than they are in times when we can sell anything anywhere. They are at their posts virtually as traveling men, as we call them in this country, in order to secure orders for American concerns which manufacture different lines of goods. I can remember the time when we had no trade to speak of in these foreign countries. Our trade there has been built up by the Department of Commerce, and I want to give them honor and credit for it.

Mr. ASHURST. Mr. President, here is an illustration of the importance of these appropriations laid before the Senate and the country; and the country has been quite suspicious of these particular items. Make no mistake that our heavily burdened taxpayers look with inquiring eye to see why, in addition to our ambassadors, ministers, envoys, diplomats, and consuls, we have in every important city in the world these commercial attachés. Here is a statement—before the Senate, not in a committee room, but before the Senate—by the chairman of the Committee on Appropriations, and by the Senator from Utah [Mr. SMOOT], who is himself also well posted, vouching for the necessity of these appropriations. Is not that a better plan than to have a committee tell us privately? The Senators from Washington and Utah have performed a public service in informing the Senate and the country as to why these officials are necessary in the various foreign cities.

Mr. JONES. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. JONES. I will give the Senator a little more testimony. In the House hearings Mr. OLIVER inquired of Mr. Klein, who is the Assistant Secretary of Commerce, almost the identical question which has been raised by the Senator from Arizona. He said:

Would you like to discuss briefly the necessity for maintaining a full force in the foreign fields at a time when, of course, there is a falling off of the business?

Doctor Klein said this:

Most certainly, because on the face of it our exports have lost heavily. In value they have lost more than they have in volume. That would indicate with less export trade to handle the Government facilities need not be so extensive; as a matter of fact, you have there again a reversal of the situation as in the domestic position, which I described—that is, more help is being demanded from our facilities. An increasing pressure of competition is coming about. The Europeans are more and more industrious in searching for their markets, and they are pressing our export men. We have got to be more vigilant than we were in the fat years of 1926, 1927, and 1928, when Europe was not so much in position to give us stiff opposition. To-day they are well equipped as to plants and partly because of the heavy American investments abroad; American capital over there has given Germany, England, and Italy a new industrial plant largely, and we are running up against that competition throughout the world. The result is the decision confronts our business men as to whether they must put up a fight, where they may have the aid of the Department of Commerce, or get out of the field.

Mr. ODDIE. Mr. President, will the Senator from Arizona yield to me?

Mr. ASHURST. I yield.

Mr. ODDIE. Testimony was given before the Committee on Appropriations of the Senate on this very subject, and I think the Senator from Arizona would like to hear a short statement from a representative from the Department of Commerce on a few of the activities of the Bureau of Foreign and Domestic Commerce. He said:

Last year we returned in this work more than \$57,000,000 to American business, which is more than 10 times the total appropriation for our whole bureau. We are a sales group in that sense. We are a working organization, attempting to check what we do in terms of service against results.

It is through the commodity divisions, with the aid of the district and foreign offices, that the department was able to secure for American business \$57,000,000 of new foreign sales and savings

during the past fiscal year. They serve continuously over 24,000 export firms and 46,000 firms making daily use of the bureau's domestic trade services.

Then he said further:

The demand on our lumber division alone for that purpose has increased 76 per cent since the first of this year. If every individual lumber manufacturer in the country had to send abroad to private connections through his banks or through local chambers of commerce, you would get a fearful duplication of expenditures by private industry everywhere.

Just one other interruption in regard to the Bureau of Mines. Does the Senator mind if I refer to that briefly in his time?

Mr. ASHURST. I yield for that purpose.

Mr. ODDIE. The House cut various items relating to the Bureau of Mines to a very low point, and afterwards, in my opinion, one of the most courageous and manly things was done by a Member of the House, the Representative from the Senator's State, Representative DOUGLAS. He offered the amendments in the House reducing the items under the Bureau of Mines. Then he saw from the figures given him that a mistake had been made and he wrote to the chairman of the Committee on Appropriations of the Senate stating that a mistake had been made and the items were restored in this bill by the Senate committee.

Mr. President, I think that should not pass without some notice. Mr. DOUGLAS is an able engineer, a man of the highest integrity, and he proved it by that act of his.

Mr. ASHURST. Mr. President, I wish to thank the Senator from Nevada for the contribution he has made, and I am grateful to him for the generous, indeed, the just tribute which he has paid to the Representative in Congress from Arizona, Mr. DOUGLAS. Mr. DOUGLAS needs no word of praise from me, because his services to the American people are valuable beyond the range of eulogy.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. FLETCHER. I call the Senator's attention to a statement, which I imagine appears in the hearings. The Bureau of Domestic and Foreign Commerce I think is doing a splendid work. This statement says that \$5,334,122 was the appropriation for the present fiscal year, 1931-32, for that bureau. The estimate for 1932-33 was \$4,869,531. The decrease in the appropriation for the Bureau of Foreign and Domestic Commerce has been \$464,591, or 8.7 per cent.

Mr. ASHURST. I thank the Senator from Florida.

Mr. President, I am now satisfied as to these items, and I have demonstrated to the Senate that when we take these items up seriatim, one after the other, the Senate body is informed. It is not fair to ourselves, it is not fair to the committee, to ask them in a committee room to do all this work, and then inform Senators by word of mouth—not by debate on the floor of the Senate but by word whispered privately here and there—that this item is all right, and this one is not.

We should take up the bill item by item, legislating, in my judgment, in approved, parliamentary, and American fashion, and in the way we ought to legislate.

Mr. FESS. Mr. President, will the Senator yield?

Mr. ASHURST. I yield, of course, to the able Senator from Ohio.

Mr. FESS. If the motion prevails and the bill goes back to the committee with the order to bring it back with a 10 per cent cut, will the Senate be free to make any changes in the bill as reported by the committee, or would this motion be an instruction to the committee only?

Mr. ASHURST. I assume that if the Senate instructs the committee to reduce the bill 10 per cent, the committee will do so; but I do not believe that I would thereby be foreclosed from moving to reduce an item if I wished to, or from moving to increase one if I saw fit to do so. I shall ask the Senator from Tennessee about that.

Mr. McKELLAR. Of course, the Senator would have the right, and any Senator would have the right, when the bill came back, to suggest amendments.



Mr. ASHURST. Then what is the use of marching the men up the hill and marching them down again? If, when the bill comes back, we find ourselves in the same position where we are to-day, how far have we advanced upon the stream of legislative time? We are just where we began.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. COUZENS. I would like to ask the Senator whether, in view of the fact that all of these department heads, these bureau heads, and Secretaries, can be called before the Committee on Appropriations, and can state how best to reduce these items, and that can not be done in the Senate, is it not better to send the bill back to the committee and have the committee find out from the bureaus where best they may take off the 10 per cent? In other words, we can not call these men in before the Senate. We can not discuss these items with the bureau chiefs in the Senate. We can not discuss them with the Secretaries. Yet the Committee on Appropriations can call in the men and say, "We have instructions to cut the Budget estimate 10 per cent. How do you suggest that we do it to the best advantage?"

Mr. ASHURST. If I had the slightest suspicion that some committee of Congress had not called these bureau chiefs before them, I would vote instantly to send the bill back. I had assumed—and surely it is not a violent assumption—that the Committee on Appropriations of the House of Representatives, which by custom if not by the Constitution originates all supply bills, had called representatives of all the various agencies and bureaus before them and had asked these questions. I had assumed that my learned friend, the chairman of the Committee on Appropriations of the Senate, had called the representatives of these agencies of the Government before his committee and had questioned and interrogated them about these appropriations. Surely he has not failed to do that.

Mr. COUZENS. Mr. President, I ask the Senator whether, if the bill goes back, a new situation will not have arisen? Of course, the chairman of the Committee on Appropriations and the committee have heard from these bureaus. But now comes a new proposal, a proposal to reduce the appropriations by 10 per cent. Does not that create a new situation in which these Secretaries and bureau chiefs ought to be consulted?

Mr. ASHURST. I appreciate the force of the question, and I would cut a poor figure in attempting to discuss fiscal matters with the able Senator from Michigan. I wish to participate in no such exhibition. But I insist that the status quo has not been altered so completely within a few weeks as to change the testimony on the part of the executive branch. I give the executive branch credit for trying in a modest way to be economical at this time, but in 5 cases out of 6, in 5 replies out of 6, the bureaus and departments will say, "We need these appropriations."

Mr. COUZENS. Of course that is true; but, if we have only so much money to spend, is it not desirable to ascertain from those in charge the best way to spend it?

Mr. ASHURST. The Senator is not a member of the Committee on Appropriations, I believe?

Mr. COUZENS. No.

Mr. ASHURST. I am assuming, and I have a right to assume, that the Appropriations Committee of the House and the Appropriations Committee of the Senate, either or both, called the department heads and bureau heads before them and have questioned them as to these items. Assuming that the committees have done so, surely the witnesses can not now change their testimony.

Mr. COUZENS. No; I was not suggesting that; but suppose the Senate said the appropriation must be reduced \$12,000,000. What is the best way to do it? That can not be done on the floor of the Senate. I believe the committee can do it when they call the bureau chiefs and department heads before them and say, "We have a mandate to reduce this appropriation \$12,000,000. How do you suggest we go about it?"

Mr. ASHURST. I want the Senate, rather than the committee, to do that. I would prefer the body of the Senate to

cut the appropriation \$12,000,000 rather than leave it to the committee to do.

Mr. COUZENS. How can the Senate do it?

Mr. ASHURST. I am not trying to dodge the Senator's question. I am giving the information at my command.

Mr. COUZENS. There must be more or less desirable places where the \$12,000,000 can be deducted. It seems to me it is only proper courtesy to the department to consult them as to the best place to deduct it. I confess I do not know. We can not call the Secretaries and bureau chiefs to the floor of the Senate to debate the question with us, but that can be found out by the Appropriations Committee.

Mr. ASHURST. But I am assuming the Appropriations Committee have already performed that function.

Mr. COUZENS. They have, in so far as this specific bill is concerned; but now the Senate is about to say, apparently, "We think this is at least \$12,000,000 too high and we want that amount taken out of the bill somewhere." Where is the best place to take it out?

Mr. ASHURST. The Senate is the best judge of that and not the departments.

Mr. COUZENS. But we can not call the department heads and bureau chiefs to the Senate Chamber and ask them here the best place to take it out of the bill.

Mr. ASHURST. That is to say, our attempts at economy depend upon the ipsi dixit of the departments. That is what I object to. I want the appropriations to be granted upon the ipsi dixit of the Congress and not of the departments, with all due deference to my friend from Michigan.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Utah?

Mr. ASHURST. Certainly.

Mr. KING. Will the Senator permit me to invite attention to the fact that the Bureau of the Budget had all the department chiefs before them and, after meticulous examination, as we may assume, they made only slight reductions. The President insisted there should be a reduction and they only made a slight reduction. The Senator knows some bureau chiefs came before the House committee, and if he will read the hearings as I have done—and I do not want to be critical—that investigation was merely, "We have now come to this item of \$150,000. What have you to say about it?" The witness would make a statement and then they would take up the next item. The Senator will find—and I make no criticism of any committee—that there is no digging down to bedrock in the hearings to which attention has been called. We take the recommendation of the bureau, and, as the Senator knows, when we rely upon the bureau we can never get any reduction.

Mr. ASHURST. That is the reason why I want the body of the Senate instead of the committee to make the reductions.

I repeat that I am not oblivious to the necessity for reducing appropriations. I have never been one of those who join in the "anvil chorus" against the former Secretary of the Treasury. I did not agree with him in many things. Some of the things he did I was glad to approve; but to my mind it was strange to see a man with the experience of the former Secretary of the Treasury attempting to retire the national debt at the rapid pace at which he attempted to retire it.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Louisiana?

Mr. ASHURST. I yield.

Mr. LONG. And to be making the rebates to the large corporate interests that he was making, of course, made it practically impossible to reduce the total expenditures of the Government.

Mr. ASHURST. I thank the Senator for the suggestion, but I can not go into that because it is a subject on which I have no knowledge, and, as I said in the Senate the other day, I long ago abandoned the idea of talking about a subject upon which I have no information. So, not knowing a thing about the very vital subject which the Senator from



Louisiana properly brings up, I again say that we can save, we can retrench, to the amount of \$500,000,000 a year by the simple and, I think, the just expedient of departing from the plan of Mr. Mellon, who, for some strange reason, had an obsession that he ought to retire the national debt within 20 or 30 years. If, instead of retiring the national debt at that pace, we should be more moderate and should distribute the national debt along as is done in all well-managed finance organizations in business and in government, and if we may depart from that foolish pseudophilosophy, which so captivated Mr. Mellon, namely, that we ought to retire the national debt within 20 years, we can retrench to the extent of \$500,000,000 a year. The Government needs to retrench. The bondholders are pleased that the period of maturity of the bonds shall be extended.

So when the appropriation bill comes before us I do not see where our Committee on Appropriations could make a greater contribution to the public service at this time than to slow up the reckless and relentlessly rapid pace at which the former Secretary Mellon was attempting to retire the national debt.

#### PROPOSED RESUBMISSION OF EIGHTEENTH AMENDMENT

Mr. TYDINGS. Mr. President, there are several Senators and many people in the country who desire, if possible, and by orderly parliamentary methods, to secure a resubmission of the eighteenth amendment to the people and to the legislatures. The Committee on the Judiciary has been very busy with many pieces of important legislation and perhaps it has not had an opportunity to consider the resolution seeking to accomplish a repeal of resubmission, as it were, of the eighteenth amendment.

In order to test out the sentiment of the Senate I have prepared a petition which I have submitted to a number of Senators, asking the Judiciary Committee to report a resolution which would resubmit the question to the Senate and, if approved by the Senate, to the legislatures of the States. I am gratified to report that 24 Senators, representing various parts of the country, have affixed their signatures to that petition. I am also gratified to report that at least a half a dozen more stated that while they do not desire to sign the petition they would be inclined to vote for a resubmission of the question if opportunity were offered them.

Mr. WALSH of Massachusetts. Mr. President, will the Senator read the names of the Senators?

Mr. TYDINGS. I am coming to that in a moment. There are also a number of Senators who, I know, want to sign the petition, but who happen to be absent, namely, for example, the Senator from Illinois [Mr. LEWIS].

With all due respect I trust the Committee on the Judiciary will accede to our wishes and report the resolution so we may have an opportunity to vote upon it. Recently a vote was had in another body where the vote was almost even between those opposed and those in favor of the question.

On next Wednesday, March 30, as soon as I may have an opportunity to obtain the floor, it is my intention to move formally that the Committee on the Judiciary be discharged from further consideration of the resolution. In the meantime I ask that the petition with the names be read in my time and that the petition be left in the custody of the clerk so that Senators who may be temporarily absent may have an opportunity between now and March 30 to sign it if they desire so to do. I ask that the clerk may read the petition.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. Certainly.

Mr. NORRIS. I have just entered the Chamber after a temporary absence. I heard the Senator say that he expected, as soon as he could get the floor, to file a formal motion to discharge the Committee on the Judiciary from something.

Mr. TYDINGS. I said I would make that motion on March 30.

Mr. NORRIS. As chairman of the committee I suggest to the Senator that I have no objection to the Senator filing that motion now; and I will agree, if the Senator can get other Senators to agree, to take it up now by unanimous consent. There is nothing before the Judiciary Committee that I want to see held back. I will say to the Senator that I think the resolutions which he introduced—and he will agree to what I say, I know—were referred to the Committee on the Judiciary and immediately upon his request I appointed a subcommittee, and that subcommittee has been working upon the question.

Mr. TYDINGS. If the Senator will permit me to interrupt him, I think the Senator is more than fair in what he just said. As I said, perhaps before the Senator came into the Chamber, this motion is intended as no reflection upon the committee which has been occupied with very important legislation.

Mr. NORRIS. No; I do not take it as a reflection at all. The Senator has a right to make the motion and when he makes it all I will do on the part of the Judiciary Committee will be to state the facts as to just what we have been doing and what we have been trying to do, and leave it to the Senate. If they want to take it out of our hands and bring it to the floor of the Senate, I shall have no objection.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Idaho?

Mr. TYDINGS. In just a moment. I would like to say to the Senator from Nebraska that I would prefer to make the motion on March 30 for the reason that many Senators may desire to vote on the motion, and if we made it in too short a time and with too short notice they might be absent.

Mr. BORAH. Why not make it on April 1? [Laughter.]

Mr. TYDINGS. I think April 1 would illustrate the foolishness of the eighteenth amendment better than any other day.

Mr. BORAH. I was going to say that if those who are advocating a change or modification or repeal of the eighteenth amendment could agree among themselves as to the kind of resolution which they would like to have reported, it would expedite matters in the committee a great deal.

Mr. TYDINGS. That is true. I ask that the clerk read the petition and the names of those who have signed it, and I also wish to renew my announcement that on March 30, as soon as I can obtain the floor, I shall file a motion for discharge of the Committee on the Judiciary from the further consideration of the resolution.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

WASHINGTON, D. C., March 21, 1932.

TO THE COMMITTEE ON THE JUDICIARY,  
United States Senate.

GENTLEMEN: We, the undersigned Members of the United States Senate, realizing the widespread interest and divergent opinions concerning resolutions dealing with the repeal and modification of the eighteenth amendment, which are now pending before your committee, do respectfully petition said committee to report said resolutions to the Senate of the United States in order that a vote may be had upon the same by the membership thereof.

Respectfully yours,

MILLARD E. TYDINGS.  
E. S. BROUSSARD.  
ROYAL S. COPELAND.  
B. K. WHEELER.  
TASKER L. ODDIE.  
JESSE H. METCALF.  
KEY PITTMAN.  
MARCUS A. COOLIDGE.  
HUEY P. LONG.  
ROBERT F. WAGNER.  
DAVID I. WALSH.  
W. WARREN BARBOUR.

HIRAM BINGHAM.  
F. C. WALCOTT.  
JAMES E. WATSON.  
GEORGE H. MOSES.  
HAMILTON F. KEAN.  
JAMES COUZENS.  
ROBERT D. CAREY.  
FELIX HERBERT.  
HENRY W. KEYES.  
HARRY B. HAWES.  
ROBERT J. BULKLEY.  
OTIS F. GLENN.

APPROPRIATIONS FOR DEPARTMENTS OF STATE, JUSTICE, ETC.

The Senate resumed the consideration of the bill (H. R. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes.



The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee [Mr. McKELLAR].

Mr. McKELLAR. Mr. President, before we vote I want to refer to two or three statements made by my distinguished friend from Nebraska [Mr. NORRIS], whom we all esteem most highly.

One of the statements of the Senator from Nebraska was, "You can not take a knife and cut them off"—meaning appropriations—"in the dark"; and again, "You must not take a knife and blindly cut appropriations 10 per cent." I just want to say to the Senator and to the Senate that that is not what is proposed at all. Here is a bill appropriating \$125,000,000 and covering four departments. It is simply proposed to send it back to the Committee on Appropriations with instructions to reduce the aggregate sum about twelve and a half million dollars.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I will yield in just a moment. That does not take away the authority of the committee. For instance, the Senator from Nebraska read three amendments having to do with food, clothes, and drink for our foreign representatives under three special provisions of the bill, and he said that he was entirely opposed to them and they ought all to be stricken out. I agree with him entirely that they all ought to be stricken out, but the Senate is not going to strike them out; there is but one way in the world to get them out, and that is to recommit the bill, to send it back to the committee. If the committee reports that they be stricken out the chances are that they will be stricken out; but we know that, after the committee has gone over a bill and reported it back to the Senate, to strike out an appropriation on the floor of the Senate is almost an impossibility. The Senator never saw better proof of that fact than here a short time ago when we undertook to strike out certain provisions of another appropriation bill.

So, when the Senator says that there are certain appropriations that ought to be stricken out, and others that ought to be reduced in large measure and others in lesser degree, I want to say to him that if he wants to do that thing, the logical way to do it, the reasonable way to do it, the only possible way to do it, in my judgment, is to vote for this motion, let the bill go back to the committee, and have the committee do the will of the Senate. I now yield to the Senator from Nebraska.

Mr. NORRIS. What assurance can the Senator give the Senate now that if his motion prevails, when the bill shall be reported back to the Senate the items which the Senator has just mentioned will be stricken out?

Mr. McKELLAR. I can not give the Senator any assurance, but I will say that I heard the Senator from Washington [Mr. JONES], the chairman of the committee, say that he thought that some of them ought to be stricken out, and I want to say that the chairman of the committee has more influence, I sometimes think, than all the rest of the members of the committee put together. He is a fair man, he is a just man, and he is trying to do his duty as a Senator and as a member of the Appropriations Committee; and I, for one, am willing to trust him, though he does not belong to the party to which I belong. I believe he wants to do the fair thing.

Mr. NORRIS. Let me ask the Senator—

Mr. McKELLAR. Just a moment. And when the Senate directs a bill to go back to the Appropriations Committee with instructions to cut down the aggregate appropriations 10 per cent, I am absolutely sure that the Senator from Washington will join whole-heartedly in that program; that he will summon the necessary department chiefs before the committee and ascertain the best way to reach the result, as was so well explained by the junior Senator from Michigan [Mr. VANDENBERG] a few moments ago. The committee can do it; it can do it with knowledge; it can do it with more accuracy than can the Senate as a body; and I believe that is the only way to do it at such a time as this. I now again yield to the Senator from Nebraska.

Mr. NORRIS. If the Senator is willing to trust the Senator from Washington, and thinks that through his great influence with the committee the bill will be reported back with these items stricken out, why is the Senator not willing to trust the Senator right here on the floor of the Senate and let us make a motion to strike them out and see what will happen?

Mr. McKELLAR. I do not want the pending motion displaced. If the motion shall carry, it will make no difference whether we strike them out or not. The desire of the Senate would be made evident by the adoption of the motion; and while these three amendments might remain in the bill, I want to say that if the Appropriations Committee does not follow the suggestion of the Senator from Washington about these three items and does not follow my suggestion about them—and I am in hearty accord with the Senator from Washington as to these proposals, I do not think they ought to be in the bill at all, and I expect to support a movement in the committee to strike them out—if they remain in the bill as reported back to the Senate, then the Senator from Nebraska can make a motion to strike them out, and I want to say to the Senator I am going to vote with him if when the bill comes back such a motion is made.

Mr. NORRIS. Let me ask the Senator another question.

The VICE PRESIDENT. Does the Senator from Tennessee yield further to the Senator from Nebraska?

Mr. McKELLAR. I yield.

Mr. NORRIS. If the Senator thinks that the committee is going to strike out these three items or that that is the way to get them stricken out, I want to ask him if he is not inconsistent in moving to recommit the bill to the committee on the theory that the committee is going to strike them out when the committee has already acted on those three items and has increased the appropriations in every one of them?

Mr. McKELLAR. Oh, no; I do not think so.

Mr. NORRIS. Yes.

Mr. McKELLAR. I understand that the committee has increased the amounts, but I do not think I am inconsistent. Why? Because when the committee agreed to them they never had any idea that the Senate, as a body, was going to bring about a real reduction, if it could. But the Senate has gone on record as being very much in favor of cutting down not only these three items but perhaps a thousand other items in the bill. These three items are not the only items in this bill that ought to be stricken out; there are, in my opinion, innumerable other items in this bill that ought to be very carefully gone into and changed. To undertake to do it by piecemeal, assuming that the Senator is right, and that the whole Senate unanimously want to take out these three items, I think it is a useless thing to do now, because we ought to have the bill as a whole referred back to the committee.

Mr. NORRIS. Let me ask the Senator another question.

The VICE PRESIDENT. Does the Senator from Tennessee yield further to the Senator from Nebraska?

Mr. McKELLAR. Certainly, I yield.

Mr. NORRIS. If the Senator is in favor of striking out these items, and he says that the chairman of the committee is in favor of striking them out, and both the Senator and the chairman of the committee were in the committee when they were increased, why were they not stricken out there?

Mr. McKELLAR. I think I stated on yesterday that I was in favor of practically none of the increases in this bill.

Mr. NORRIS. We want to decrease the appropriations by striking the items out.

Mr. McKELLAR. We all know that the Senator has had a great deal more experience here than I have had; he has been here much longer; he is a remarkably able man; but I want to say that the Senator is doing everything he can, by voting against the pending motion, to increase the appropriations for items in this bill rather than to reduce them, in my judgment.

Mr. NORRIS. Let me ask the Senator another question.

Mr. McKELLAR. Certainly.



Mr. NORRIS. We have already sent one bill back to the committee, with some kind of instructions fastened to it. Assuming that the pending motion is to be agreed to, and this bill is to be sent back, is it the intention of the Senator to offer a similar motion as to every other appropriation bill?

Mr. McKELLAR. I have said that, but I want to make this explanation, if I may.

Mr. NORRIS. Let me finish the question.

Mr. McKELLAR. Very well.

Mr. NORRIS. Assuming that he does that, and that all the other appropriation bills are likewise recommitted, though a good many of them are still in the House, and some have not even been reported to the House, does not the Senator believe that when the House finds out that that is going to be the treatment accorded to every appropriation bill, it will simply tack on 10 per cent more, if the Members of the House think the appropriations are necessary, in order that the Senate may bring about the reduction and the House may have the appropriations it thinks ought to be provided?

Mr. McKELLAR. Let me answer the Senator. No; I do not think anything of the kind. I want to say to the Senator that I served in the House, as he did, and I have the very highest opinion of the House—

Mr. NORRIS. So have I.

Mr. McKELLAR. Wait a moment; let me answer the Senator.

Mr. NORRIS. The Senator must not put me in a different attitude toward the House.

Mr. McKELLAR. I want to show what attitude the Senator is putting himself in. I do not believe that the House will increase the appropriations because the Senate has indicated its purpose to reduce them. Instead of that, I believe—and I have been reliably informed—that the House welcomes the reduction of appropriations on the part of the Senate and will cooperate with the Senate in still further reductions if we but make them.

Mr. NORRIS. Now, let me say to the Senator that, like him, I have the highest opinion of the integrity and patriotism of the House; but if I were a Member of the House, and I had my way in the case of an appropriation bill, and got an appropriation right where I thought it ought to be, and knew that when a bill got into the Senate the Senate was going to cut it down 10 per cent, I would vote in the House to increase it 10 per cent, so as to get what I wanted.

Mr. McKELLAR. The Senator might do that; I do not believe I would.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. GLENN. I was just going to inquire of the Senator from Nebraska if under similar circumstances, he being a Member of the Senate, the House peremptorily increased the appropriation 10 per cent, would he not correspondingly make the reduction 20 per cent in order to reach the same end?

Mr. NORRIS. Mr. President—

Mr. McKELLAR. I yield to the Senator in order to reply to the Senator from Illinois.

Mr. NORRIS. We could do that, of course; but whenever we commence that the next bill will be increased 20 per cent instead of 10.

Mr. McKELLAR. No, Mr. President.

Mr. NORRIS. And so they can defeat our action in any contingency; they ought to do it; and I am not finding fault with it; I would do it myself, if I had an opportunity.

Mr. McKELLAR. Mr. President, I yielded to the Senator from Nebraska, and will he now allow me just a moment or two to say what I desire to say?

Mr. NORRIS. I beg the Senator's pardon; I did not realize that he had not spoken on this question previously, or I would not have interrupted him.

Mr. McKELLAR. Mr. President, in conclusion I merely want to say—and I hope the Senator from Washington will not object to my saying what I am going to say—that in a talk I had with him this morning he said if this motion were adopted and it was shown that there was a desire

upon the part of a majority of the Senate to cut these appropriations 10 per cent, that hereafter, instead of reporting the appropriation bills as they have been reported, he saw no use of doing that, but would simply reduce the amount 10 per cent below the House totals, and in that way carry out the will of the Senate. It seems to me that that is a very proper and a very fair attitude to take; it is just such an attitude as I expected the Senator from Washington to take; and I hope he will confirm it here, because I think that is the only proper and right way to reach what we have in mind.

Mr. JONES. Mr. President, I think the statement of the Senator from Tennessee is substantially correct. I stated that if the Senate at this time should vote to recommit this bill to committee with instructions to bring about a reduction of 10 per cent in the appropriations it provides I would take that to be an expression of the policy decided upon by the Senate; and while I might be in favor of a greater reduction than 10 per cent, I would be in favor of taking the bills as they come from the House and decreasing the appropriations instead of increasing them.

Mr. McKELLAR. I thank the Senator. Mr. President, I now ask for a vote.

The VICE PRESIDENT. The yeas and nays have been ordered.

Mr. WALSH of Massachusetts. Mr. President, I have no desire to take up the time of the Senate in discussing the general question underlying this debate, but my sentiments on the question of the need of drastic reductions of Federal expenses are very well expressed in two editorials, one from the Commonwealth, a weekly publication of the city of New York, and the other from the Boston Post. I ask that these editorials may be printed in the RECORD in connection with this debate.

The VICE PRESIDENT. Without objection, that order is made.

The editorials referred to are as follows:

[From the Commonwealth, New York, March 16, 1932]

#### FACING FACTS

To borrow new money at the rate per day of \$24,350,000, even if the United States Treasury is the borrower, rather staggers the conservative imagination. It is all the more staggering when only a small fraction of the new money is to go for construction of permanent values. Yet all present indications (aside from optimistic official statements) point to this huge sum as the daily average of new borrowing requirements by the Federal Government between now and June 30 of this year. In all it will mount to a total of nearly \$3,000,000,000 added to the public debt in four short months. It will represent that part of the probable fiscal year's deficit of \$4,250,000,000 not yet borrowed from the patient public.

Figures have recently become rather odious to many people—especially since everyone, high and low, has been obliged to use large minus signs in most of their figuring. In the present instance, however, we are only partly concerned with figures, and much more deeply and anxiously concerned with the human and social consequences of the figures. Signs of strain both in the business and governmental credit structures are multiplying. What does this strain imply? What, if anything, is being done to ease it? If nothing is done, what effect will the increasing strain have upon the lives and welfare of millions of humble citizens to whom financial operations, as such, are remote and bewildering? Do we not need, even more than courage, and even more than blind faith, an American leadership that is ready to face realities with utter ruthlessness and to restore economic order and human hope through applying the simplest standards to even the loftiest problems?

The present debts of the world are appalling. Most of them are not being paid off. Instead they are being multiplied through the process of adding new current debts to old frozen ones. Debts based on land values and on crops and the products of the mines are frozen because the prices of those products have fallen. Their prices are far below the level at which loans were made with the land or its products as security. That is one part of the picture.

But far more than a drop in prices is involved. Similar prices dropped 40 per cent in one year during the 1920-21 depression, but business recovery set in even before prices stopped falling. To-day, in addition to price declines, the speed of business itself has dropped. Instead of having buying activity increase as prices fell (a fact which gave the basis for prompt recovery in 1921) the general use of currency and bank deposits has dropped nearly 60 per cent in the last two years. What the business man calls "turnover"—or the number of times a year he can make a profit on his invested capital—has dropped at a similar alarming rate.

The merchant who could "turn over" his goods six times a year in 1929, with a small "gross" profit on each occasion, finds



to-day that he can turn over the same quantity of goods only twice—making only two small profits in the year instead of six. These reduced "gross" profits for the year are barely enough to pay his running expenses. He has almost nothing left to pay his borrowings at the bank. Loans he hoped to pay off in three months he can barely meet in a whole year. Thus business loans as well as commodity loans are "frozen." New borrowings are added in order "to keep going." The outstanding and unsettled credit is increasing and the means to pay it off are diminishing. It is an unexpected and grave "second phase" of the depression—something we did not have to face in 1921, when only prices fell and "turnover" activity actually increased.

To top this off, and to add immeasurably to the crushing burden of unsettled debt, we have the spectacle of the Federal Government itself plunging wildly into increasing debt at the astounding rate described above. Nowhere is there the least sign of a leadership ready to call a halt, to cut Government salaries to the bone until they are on a par with the slashed salaries of private business employment, to admit a crisis and face it, to say that the Government must not and shall not, without the gravest cause, compete for borrowed money with the already overstrained borrowings of frozen business.

There has probably never been in peace times a more flagrant abuse of the public borrowing power than we are witnessing to-day—not alone at Washington, and with the consent of leaders in both parties, but also in States, counties, and municipalities. Every one of these agencies, with a few such outstanding exception as the State of Maryland, is adding millions daily to the mountain of frozen debt—and doing it either through willful extravagance or in the subtle illusion that by increasing debt we can restore a business activity which the very fact of excessive debt itself is suffocating.

The mere handicap to crippled business of a growing public debt is less ominous, however, than certain practical human consequences which only a sudden reversal of Government policy can avoid. First, there is the prolonging of unemployment due to the further strain on business credit. Then there is the fact that when the Government competes with business in the already strained money markets, the inevitable result over the period is to increase interest rates for all borrowers.

The supply of funds to-day is diminishing rapidly. The net balances of bank depositors have been cut by a third in the last seven months—from over \$6,000,000,000 to just over \$4,000,000,000, for example, in the reporting member banks of the Federal reserve system. Thus the probable demand of the Government for \$3,000,000,000 of new loans before June 30 comes at a most unfortunate time. Interest rates on Government securities will undoubtedly be forced up by this obvious fact of diminished supply and increased demand. And as interest rates on "governments" rise, the prices of all other high-grade bonds, including those held by great savings and insurance institutions, will decline still further. Can Federal expenditures for pay roll, for prohibition enforcement, and for credit pools possibly do enough good to offset the broad social effects of such an attack on the immediate security behind the life's savings of tens of millions of working people? We think not.

Taxes must be raised to stop the need for wild Government borrowing. To that we readily agree. But the whole notion of public duty in both parties in Washington must also be raised. If this is a war against economic and social disaster, the Government itself must go on war rations. Only determined and wise leadership can bring this about. The spirit to accept what the whole world of private business has already been forced to accept must spread from the President to the lowest-rated file clerk, and from the highest admirals and generals right to the fore-castle and the tail-end squad. Then, and only then, can the new taxes be justified. The existing debts of the world are insupportable. But unnecessary fresh debts would be intolerable.

[From the Boston Post]

#### HOW TO DO IT

The movement in Congress for a reduction of Government salaries may sound impressive, but as a measure of real economy it is only a drop in the bucket. At best it will yield only a few million dollars. The cost of government can not be effectively cut by piecemeal.

The money saved on salaries will quickly be frittered away by Congress. What is needed is a realization that the whole machinery of government is expensive beyond all reason.

There can be no real relief for taxpayers until Congress tackles the matter in a wholesale way. Savings should be by hundreds of millions instead of by single millions. Each year sees a huge piling on of the cost of government.

Aside from the Post Office Department and perhaps the Treasury Department, the budgets for the various departments could be cut in halves by dropping the thousand and one useless bureaus and cutting off various activities, none of them useful.

But even drastic measures of economy would be wasted unless Congress ceased the practice of pouring out hundreds of millions for the "relief" of various interests having great vote-controlling power.

The Farm Relief Board has spent around \$500,000,000, all to no purpose whatever. The money is lost. And yet the call is for still more funds.

Various costly irrigation projects, which never pay their way, only add to the plight of the farmers. The great Hoover Dam

undertaking will probably be a constant drain on the Treasury for the benefit of a small section of the country.

Until reckless spending by Congress is halted there can be no actual economy in government. The problem is our biggest one and ought to be tackled in a big way. But so long as Congress persists in bidding for votes by digging into the Public Treasury there is no hope for even checking the wholesale waste of public money.

Mr. SMOOT. Mr. President, I want to call the attention of the Senate to the fact that in the case of most of these items the money is appropriated to carry out existing law. We can not change such appropriations; they have got to be appropriated in full, because of the fact that they are to cover outstanding obligations of the Government made in accordance with law, and appropriations must be made every year to cover those particular items.

Mr. COUZENS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Michigan?

Mr. SMOOT. I yield.

Mr. COUZENS. Mr. President, I do not understand that every time the Congress authorizes an appropriation the appropriation has to be made.

Mr. SMOOT. The appropriation has to be made wherever a law has been passed which says that hereafter the appropriations shall be such amounts.

Mr. COUZENS. Of course, the work can not be carried on if there is no appropriation to carry it on with; can it?

Mr. SMOOT. That is true as far as the activities of the Government are concerned, the amounts that we appropriate for the departments; but appropriations will be made to carry out existing law. I want to say to the Senator from Michigan that I shall now, if I can get time, go into those very appropriations. I did it about 10 years ago, to find out just exactly what they were. The next move I want to make, if I can possibly get time to do it, is to take some of those existing laws and have the Congress repeal them, and not keep appropriating for those purposes every year. I think we can save a great deal of money in that way.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. Yes; I yield.

Mr. NORRIS. I should like to ask the Senator from Utah a question on the very subject about which the Senator from Michigan asked. Take an appropriation for some line of officials in the Department of Commerce, for instance, in foreign lands. The law provides for the appointment of those officials. It also provides what their salaries shall be.

Mr. SMOOT. I did not refer to cases like that.

Mr. NORRIS. I want to ask the Senator about this particular case, and I think that is what the Senator from Michigan had in mind.

This appropriation bill commences to operate on the 1st of July next.

Mr. SMOOT. That is true.

Mr. NORRIS. Suppose we pass a law now cutting off the appropriations, let us say, for 100 men who are in one of these departments in Europe or South America or Central America. They would have notice that after the 1st of July there would be no salary for them.

Mr. SMOOT. That is true.

Mr. NORRIS. And on the 1st of July they would all quit.

Mr. SMOOT. Why, certainly.

Mr. NORRIS. So that even though we have a law that says, "So and So in this position shall draw a salary of \$10,000," if we do not appropriate for it he does not get it; and it is not an injury to him if, in advance, he has several months' notice that his job has disappeared.

Mr. SMOOT. Of course, that is true, Mr. President. I know that, and what I stated had no reference whatever to that. If I can get time I will ascertain the amount of appropriations made for those very purposes. I have had it in the past. That, however, does not apply at all to the



employees who are appropriated for every year in our general appropriations.

Mr. KING. Mr. President, will my colleague yield?

The VICE PRESIDENT. Does the Senator from Utah yield to his colleague?

Mr. SMOOT. Yes.

Mr. KING. I do not want to misunderstand my colleague, and I may not do so. It occurs to me, if I understood my colleague's position, that he would abrogate what I conceive to be the rule acknowledged by all, that the acts of one Congress do not bind succeeding Congresses.

Let me illustrate. For instance, there is a positive law that our sinking fund shall be created, and that the Secretary of the Treasury shall take sufficient of the revenues for the purpose of providing for the sinking fund. Notwithstanding that is a positive law, and automatically he is authorized to take money to create and maintain the sinking fund, nevertheless if by this or any other bill or by all bills we should not make provision for it, he would not be justified in taking it, notwithstanding there is a law upon the statute books, because this would be pro tanto a repeal of existing law; and that is true with nearly all of the laws which my colleague, as I understand, contends require us to make an appropriation every year.

Mr. SMOOT. Mr. President, I do not make any such contention. The language of these provisions quite often used to be that "hereafter" there should be appropriated so much. We do not find that in any appropriation bills lately; but I remember that 15 or 16 years ago the bills quite often said that "hereafter" there should be appropriated, for a particular purpose, so much every year.

I know that a lot of those "hereafter" appropriations ought to be abolished. They are not in the annual appropriation bills; and they are the ones to which I had reference. I do not have reference to the bills that we pass upon here every year, Mr. President.

Mr. LONG. Mr. President, will the Senator yield?

Mr. SMOOT. Yes; I yield.

Mr. LONG. If we fail to put in an appropriation bill one of these so-called hereafter appropriations, would not that, ipso facto, be a repeal of the law? In other words, if the appropriation bill failed to carry an appropriation that a previous statute required it to carry, that would be an action of Congress nullifying the law, would it not?

Mr. SMOOT. Yes; but I want to say that it never has been done, and the appropriation has always been carried.

There is only one other thing I desire to mention. The Senator from Nebraska referred to the tariff law that he said was "mountain-high," with rates "reaching the sky," and contended that it is interfering with our trade in the world and having an effect upon the business of our country.

Sensors, the Treasury statement of March 18, 1932, just a few days ago—that is the last statement I have upon my desk—shows that notwithstanding the decrease in the value of goods imported into the United States of every name and nature, our customs receipts for the present fiscal year up to this time were \$261,547,307.15. For the same period of the last fiscal year they were \$277,498,605.97. There is a difference of only 5 per cent in the two amounts. That is what is happening as to goods coming into the United States under the present tariff act. Those figures show, as far as they are concerned, that there is more yardage, there are more pounds, there are more goods coming into the United States, even under the conditions existing to-day, than there were a year ago. That is the effect of the present tariff law under existing conditions.

Suppose that this awful world-wide decline had not taken place: Our importations then would have been perhaps 50 per cent more than they are. As they are now, there is more yardage, as I say, and more goods coming into this country; and when they come in I want to say to the Senate that of course they throw just that many men out of employment in the United States, and give the employment abroad.

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee [Mr. McKellar] to recommit

the bill with instructions. On that question the yeas and nays have been demanded. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DICKINSON (when his name was called). I have a general pair with the junior Senator from Texas [Mr. CONNALLY], who is absent on account of death in his family. I transfer that pair to the Senator from Delaware [Mr. HASTINGS] and will vote. I vote "nay."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON], who is necessarily absent. I find that I can transfer that pair to the Senator from Maine [Mr. HALE]. I do so and will vote. I vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence I withhold my vote.

Mr. COPELAND (when Mr. WAGNER's name was called). My colleague [Mr. WAGNER] is detained by official business of the Senate. If he were present and at liberty to vote, he would vote "yea."

Mr. WALSH of Massachusetts (when his name was called). On this question I have a pair with the junior Senator from New Mexico [Mr. CUTTING]. I find that I can transfer that pair to the Senator from New York [Mr. WAGNER]. I do so and vote "yea."

The roll call was concluded.

Mr. FESS. I desire to announce the following general pairs:

The Senator from California [Mr. SHORTRIDGE] with the Senator from Georgia [Mr. HARRIS];

The Senator from Iowa [Mr. BROOKHART] with the Senator from Illinois [Mr. LEWIS];

The Senator from Maryland [Mr. GOLDSBOROUGH] with the Senator from Montana [Mr. WALSH]; and

The Senator from Colorado [Mr. WATERMAN] with the Senator from Oklahoma [Mr. THOMAS].

Mr. WHEELER. The pair of my colleague [Mr. WALSH of Montana] has been announced. I wish to state that my colleague was slightly indisposed and had to leave the Chamber before the vote was taken.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the day.

The result was announced—yeas 50, nays 29, as follows:

#### YEAS—50

Bailey	Coolidge	Hebert	Neely
Bankhead	Copeland	Howell	Robinson, Ark.
Barkley	Costigan	Hull	Sheppard
Bingham	Couzens	Kean	Shipstead
Black	Dill	Keyes	Thomas, Idaho
Blaine	Fletcher	King	Trammell
Borah	George	Logan	Tydings
Bratton	Glass	Long	Vandenberg
Bulkeley	Glenn	McGill	Walcott
Bulow	Gore	McKellar	Walsh, Mass.
Byrnes	Harrison	Metcalf	Wheeler
Capper	Hatfield	Morrison	
Caraway	Hawes	Moses	

#### NAYS—29

Ashurst	Fess	Norris	Smoot
Austin	Frazier	Nye	Steiwer
Barbour	Hayden	Oddie	Townsend
Broussard	Johnson	Patterson	Watson
Carey	Jones	Pittman	White
Dale	Kendrick	Reed	
Davis	McNary	Schall	
Dickinson	Norbeck	Smith	

#### NOT VOTING—17

Brookhart	Harris	Shortridge	Walsh, Mont.
Connally	Hastings	Stephens	Waterman
Cutting	La Follette	Swanson	
Goldsborough	Lewis	Thomas, Okla.	
Hale	Robinson, Ind.	Wagner	

So Mr. McKellar's motion to recommit the bill to the Committee on Appropriations with instructions was agreed to.

Mr. JONES. Mr. President, I think I had better make a parliamentary inquiry of the Chair, or make a statement at any rate. There are four departments included in the bill which has just been recommitted to the Committee on Appropriations. Each one, of course, is independent of the other. I take it that the 10 per cent reduction is to apply



to each department separately, for instance, 10 per cent with reference to the Department of State.

Mr. ROBINSON of Arkansas. I think the motion itself determines that. Only one bill was presented.

Mr. JONES. That is true.

Mr. ROBINSON of Arkansas. A single motion was made to recommit with instructions, so that the committee will have an opportunity of making the reduction covering all the items in the entire bill.

Mr. JONES. Very well.

The PRESIDENT pro tempore. The language of the motion is "in the aggregate."

Mr. ROBINSON of Arkansas. That is true.

#### AMENDMENT OF THE TARIFF ACT OF 1930

Mr. HARRISON. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. HARRISON. Mr. President, I ask unanimous consent that everything after the enacting clause be stricken out and that the substitute which I have offered be considered, and that the substitute be open to amendment just as the original text would have been.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. HARRISON. I see no reason for the substitute being read at this time, as I understand we are not to proceed further with legislative business this evening.

The PRESIDENT pro tempore. The substitute will be printed and printed in the RECORD.

The amendment, in the nature of a substitute, proposed by Mr. HARRISON to the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes, was to strike out all after the enacting clause and insert in lieu thereof the following:

That section 336 of the tariff act of 1930 is amended to read as follows:

"Sec. 336. Recommendations for adjustment of duties: (a) Upon the request of the President of the United States, or upon its own motion, or upon application of any interested party showing good and sufficient reason therefor, the commission shall investigate and ascertain the differences in the cost of production of any domestic article and of any like or similar foreign article, whether or not actually imported into the United States. If the commission finds it shown by the investigation that the duty imposed by law upon the foreign article does not equalize the differences in the cost of production of the domestic article and of the foreign article when produced in the principal competing country or countries, then the commission shall report to the President and to the Congress such increases or decreases in the duty upon the foreign article as the commission finds to be necessary in order to equalize such differences in the cost of production. Any such increased or decreased duty may include the transfer of the article from the dutiable list to the free list or from the free list to the dutiable list, a change in the form of duty, or a change in classification. The report shall be accompanied by a statement of the commission setting forth the findings of the commission with respect to the differences in cost of production, the elements of cost included in the cost of production of the respective articles as ascertained by the commission, and any other matter deemed pertinent by the commission.

"The President, upon receipt of any such report of the commission, shall promptly transmit the report to the Congress with his recommendations, if any, with respect to the increase or decrease in duty proposed by the commission.

"Any bill having for its object the carrying out, in whole or in part, of the recommendations made by the commission in any such report shall not include any item not included in such report; and in the consideration of such bill, either in the House of Representatives or in the Senate, no amendment thereto shall be considered which is not germane to the items included in such report.

"(b) No report shall be made by the commission under this section unless the determination of the commission with respect thereto is reached after an investigation by the commission during the course of which the commission shall have held hearings and given reasonable public notice of such hearings, and reasonable opportunities for the parties interested to be present, produce evidence, and to be heard. The commission is authorized to adopt such reasonable rules of procedure as may be necessary to execute its functions under this section.

"(c) In ascertaining the differences in costs of production under this section, the commission shall take into consideration, in so far as it finds it pertinent and practicable—

"(1) The differences in conditions of production, including wages in terms of labor cost per unit of product, costs of materials, and other items in cost of production of like or similar articles in the United States and in competing foreign countries;

"(2) Costs of transportation;

"(3) Other costs, including the cost of containers and coverings of whatever nature, and other charges and expenses incident to placing the article in condition, packed ready for delivery, storage costs in the principal market or markets of the United States and of the principal competing country or countries, and costs of reconditioning or repacking wherever incurred;

"(4) Differences between the domestic and foreign article in packing and containers, and in condition in which received in the principal markets of the United States;

"(5) Invoice prices or values and/or wholesale selling prices in the principal market or markets in the principal competing country or countries, in so far as such prices or values are indicative of costs of production, provided such costs can not be satisfactorily obtained;

"(6) Advantages granted to a foreign producer by a foreign government or by a person, partnership, corporation, or association in a foreign country;

"(7) Any other advantages or disadvantages in competition which increase or decrease in a definitely determinable amount the total cost at which domestic or foreign articles may be delivered in the principal market or markets of the United States; and

"(8) Definition of costs of transportation: Costs of transportation for the purposes of this section shall be held to include, in so far as applicable, freight charges and all other charges incident to transportation, including transit insurance, costs of loading and unloading, and port charges and landing charges. These costs shall be computed from the principal producing areas (in the United States and in the principal competing country or countries) that can reasonably be expected to ship to the principal competing region or regions of the United States and shall be computed to such principal market or markets of the United States as may most nearly insure equal competitive opportunity to domestic articles and like or similar foreign articles in such region or regions. If this purpose may be best accomplished thereby, such costs on domestic articles and on like or similar foreign articles shall be computed to different principal markets of the United States.

"(d) In determining costs of production in the United States and in the principal competing country or countries for the purposes of this section, the commission shall take into consideration the costs of production only of such establishments as are economically located and efficiently operated, and shall obtain such costs for a normal and representative period.

"(e) In connection with its investigations as to differences in costs of production the commission shall inquire into the following matters and shall include in its reports pursuant to this section a summary of the facts with respect to such matters:

"(1) The efficiency and economic operation and location of the domestic industry under consideration;

"(2) The conditions of such domestic industry with respect to profits and losses, the extent to which productive capacity is utilized, and the extent of unemployment;

"(3) The extent to which adverse conditions of production may be due to foreign competition or to other specified factors;

"(4) The extent to which adverse conditions of production may be remedied by adjustments in the tariff law, taking into consideration the substitution of articles used for the same purposes as the articles under consideration, and taking into consideration any other pertinent competitive factors; and

"(5) The effects of any proposed increase or decrease in rates of duties on other domestic industries and on the export trade of the United States."

SEC. 2. All uncompleted investigations instituted prior to the approval of this act under section 336 of the tariff act of 1930 prior to its amendment by this act, including investigations in which the President has not proclaimed changes in classification or in basis of value or increases or decreases in rates of duty, shall be dismissed without prejudice; but the information and evidence secured by the commission in any such investigation may be given due consideration in any investigation instituted under the provisions of section 336 of the tariff act of 1930 as amended by this act.

SEC. 3. Consumers' counsel: (a) There shall be an office in the legislative branch of the Government to be known as the office of the consumers' counsel of the United States Tariff Commission. The office shall be in charge of a counsel to be appointed by the President, by and with the advice and consent of the Senate. No person shall be eligible for appointment as counsel if such person has at any time acted in tariff matters before Congress or the United States Tariff Commission, either on his own behalf or as attorney, at law or in fact, or as legislative agent. The counsel shall be appointed for a term of four years and shall receive a salary of \$10,000 a year. The counsel shall not actively engage in any other business, vocation, or employment than that of serving as counsel.

(b) It shall be the duty of the counsel to appear in the interest of and represent the consuming public in any proceeding before the commission. In any proceeding before the commission in which the counsel has entered an appearance, the counsel shall have the right to offer any relevant testimony and argument, oral or written, and to examine and cross-examine witnesses and parties to the proceeding, and shall have the right to have subpoena or other process of the commission issue in his behalf.



Whenever the counsel finds that it is in the interest of the consuming public to have the commission furnish any information at its command or conduct any investigation as to differences in costs of production or other matters within its authority, then the counsel shall so certify to the commission, specifying in the certificate the information or investigation desired. Thereupon the commission shall promptly furnish to the counsel the information or promptly conduct the investigation and place the results thereof at the disposal of the counsel.

(c) Within the limitations of such appropriations as the Congress may from time to time provide, the counsel is authorized (subject to the civil service laws and the classification act of 1923, as amended) to appoint and fix the salaries of assistants and clerks, and is authorized to make such expenditure as may be necessary for the performance of the duties vested in him.

Sec. 4. International economic conference: That the President is respectfully requested to initiate a movement for an international economic conference with a view to (a) lowering excessive tariff duties and eliminating discriminatory and unfair trade practices, and other economic barriers affecting international trade, (b) preventing retaliatory tariff measures and economic wars, and (c) promoting fair, equal, and friendly trade and commercial relations between nations; but with the understanding that any agreement, treaty, or arrangement which changes any tariff then in existence, or in any way affects the revenue of the United States, must first be approved by the Congress of the United States.

The President be, and he is hereby, authorized and requested, at as early a date as may be convenient, to proceed to negotiate with foreign governments reciprocal trade agreements under a policy of mutual tariff concessions. Such agreements shall not become operative until Congress by law shall have approved them.

#### BURIAL SITES FOR WICHITA INDIANS

The PRESIDENT pro tempore. The Chair lays before the Senate, and invites the attention of the senior Senator from North Dakota [Mr. FRAZIER], the amendment of the House of Representatives to the bill (S. 3409) authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands. The amendment was, on page 2, line 8, after "purposes," insert "And provided further, That there shall be reserved to the Indian owners all coal, oil, gas, or other mineral deposits found at any time in the land."

Mr. FRAZIER. Mr. President, I move that the Senate concur in the amendment of the House.

Mr. BRATTON. Mr. President, will not the chairman of the Committee on Indian Affairs explain the purport of the bill and the effect of the amendment?

Mr. FRAZIER. Mr. President, the bill merely authorizes the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and other bands. I have consulted with the senior Senator from Oklahoma [Mr. THOMAS], and he is perfectly willing that the Senate concur in the amendment.

The PRESIDENT pro tempore. The question is on concurring in the amendment of the House.

The amendment was concurred in.

Mr. McNARY obtained the floor.

Mr. BLACK. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oregon yield to the Senator from Alabama?

Mr. McNARY. I yield.

#### ALABAMA SENATORIAL CONTEST

Mr. BLACK. Mr. President, I have a short resolution, which relates to a matter of rather great importance to witnesses who testified in Alabama in the Heflin-Bankhead controversy, which I would like to have read. It will take me only about a minute to explain it.

Mr. McNARY. Will not the Senator wait until to-morrow, when we will have a morning hour?

Mr. BLACK. I may state to the Senator that I desire to have the resolution acted on now by reason of the fact that we thought we had appropriated money to pay the witnesses in the election contest in Alabama, but we find that the committee did not pay all the witnesses. They paid certain clerks here in Washington and a part of the stenographic bill. The witnesses for the contestee have been waiting for

their money for two months. The witnesses for the contestant were promptly paid.

Mr. McNARY. Is there any objection from the Committee on Privileges and Elections to the proposal?

Mr. BLACK. I can not imagine it is possible that there would be any objection to paying the witnesses who testified two months ago.

Mr. McNARY. Very well.

Mr. BLACK. I would like to have the resolution read.

The PRESIDENT pro tempore. The clerk will read.

The Chief Clerk read the resolution (S. Res. 188), as follows:

*Resolved*, That the Committee on Privileges and Elections, authorized by resolution of February 28, 1931, to hear and determine the pending contest between John H. Bankhead and J. Thomas Heflin, involving the right to membership in the United States Senate as a Senator from the State of Alabama, hereby is authorized to expend from the contingent fund of the Senate \$1,142.76 in addition to the amount heretofore authorized for such purpose, said sum to be used to pay witnesses for contestee.

The PRESIDENT pro tempore. Without objection, the resolution will be received, and, under the law, referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. BLACK. Mr. President, before I yield the floor I would like to ask now that the chairman of the committee make a report on this resolution to-morrow, because of the fact that there can be no possible excuse for any longer holding up the payment of the witnesses for the contestee. The others were very promptly paid.

#### TRADE AND COMMERCE

Mr. WALSH of Massachusetts. Mr. President, I ask to have printed in the RECORD an article appearing in the Boston Financial News of February 2, 1932, concerning S. 3256, which I introduced on January 25, "To protect and foster trade and commerce, to supplement the powers of the Federal Trade Commission, and for other purposes."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Boston Financial News, Boston, Mass., February 2, 1932]

#### LEAVES FROM THE NOTEBOOK OF THE OLD-TIMER

(While the laws that govern stock-price movements are not immutable there is much that can be reduced to formula by thorough analysis of the history of the market and the forces that have been applied to it. The spectacular market of the past few years, while blazing a new trail, nevertheless acted in a manner comparable with other markets in bygone years, and had the thousands of new security buyers been cognizant of the history of those markets they might have seen the danger signals in time enough to prevent disaster. It is with this thought in mind that we present the observations of the Old-Timer from week to week. The Old-Timer has seen markets come and go, and has had an intimate contact with Wall Street for more than a quarter of a century. It is our hope that you may read from them lessons that will teach you how to accept Wall Street's opportunities and reject its lures.—Ed.)

#### NEED TO SCRAPE BARNACLES OFF THESE LAWS

Let's get the good ship "American Commerce" ready for her 1932 cruise by scraping the barnacles of antiquated antitrust laws off her keel, and by polishing her sides with assurances of a better revenue for the railroads.

Moves in these directions are already being made in the efforts of important industrialists, railroad executives, and economists to obtain a modification, if not an outright repeal, of our stultifying antitrust laws, and for an unconditional and retroactive repeal of the "recapture provision" of our national railroad act of 1920.

There is a crying need for legislative action on both of these proposals. It is to be hoped that they will both have speedy enactment by Congress.

#### TWOULD HELP STABILIZE INDUSTRY

So vital to our economic progress is the proposed modification of our antitrust laws that the measure now providing for it is appropriately entitled a "stabilization of industry" bill.

As recently introduced into Congress by Senator DAVID I. WALSH, of Massachusetts, this anti-antitrust bill seeks only a modification of the Sherman law, so as to make it possible for the Federal Trade Commission to decide, in advance, whether agreements for curtailment of production and other plans to avoid unnecessary competition shall be exempt from the ordinary operations of the antitrust laws.

#### HOPE TO MODIFY SHERMAN LAW

But, at all events, it will serve to scrape some of the barnacles off the Sherman law and afford direct and much-needed relief to general business.



Our antitrust laws—foremost among which are the Sherman and Clayton Acts—were originally designed to curb monopoly and to encourage competition.

But the world is now passing through a period of unexampled depression, produced in part by that overproduction which unrestrained competition promotes.

#### WANT TO ELIMINATE NEEDLESS COMPETITION

How to control competition without subjecting the public to extortion and running afoul of the antitrust laws is the problem which this so-called Walsh bill undertakes to solve.

The outstanding feature of this bill is the endowment of the Federal Trade Commission with new powers whereby it could act as arbiter in deciding to exempt specific instances of concerted moves to reduce production and prevent needless duplication and competition from the provisions of this law.

The filing of this bill in the United States Senate constitutes a sign of the times.

Debate on this measure will turn on the probable perils of competition, alleged to be ruinous, and upon monopoly, alleged to be oppressive.

#### SHERMAN LAW TOO ALL-EMBRACING

That the Sherman and Clayton Acts have not accomplished all that was expected of them is well known. The whole theory on which they were based is once more reopening for discussion.

Many contend that these antitrust acts should be repealed in their entirety, inasmuch as they are already regarded in most quarters as dead letters in our national statutes.

Let us see what it is that the Sherman and Clayton laws are supposed to prohibit.

The Sherman law, enacted July 2, 1890, was intended to be a sweeping antimonopoly statute. It was enacted for the express purpose of prohibiting formation of any sort of contract or combination in the form of a so-called trust, which might operate "in restraint of trade." In effect, it declared that every person making any such contract, or engaging in any such combination or conspiracy, should be deemed guilty of a misdemeanor; also, that every person who "shall monopolize or attempt to monopolize or combine, or attempt to combine, any part of trade" shall be deemed guilty of a misdemeanor and subject to a penalty not exceeding one year in the penitentiary and a fine of not exceeding \$5,000. It likewise provided that all property so involved should be subject to forfeiture.

#### SHOWS DEPLORABLE LACK OF VISION

The Sherman law says in part:

"Whenever it shall appear to the court, before which any proceeding under section 4 of this statute—giving jurisdiction to the United States circuit courts, regardless of where alleged offenses occur—may be pending and the ends of justice require that other parties shall be brought before the court, the court may cause them to be summoned, whether they reside in the district in which the court is held or not."

Obviously, the principal intent of this law was to stamp out unconscionable greed and ruinous competitive practices on the part of dominant industrial corporate combinations. But the net result has proved conclusively that the drafters of this act missed their mark by a mile. For, like many later statutes, this act failed completely to visualize the then undreamed-of growth of our country and the absolute need for colossal expansion of our industrial structure which assure the fulfillment of its ultimate destiny.

The Sherman law has never done anything except hamper such constructive development.

#### HAS HAMPERED INDUSTRIAL PROGRESS

It has made every pretentious industrial combination a prospective victim of scheming political pharisees.

It has set the country back a century by throttling big business and placing a stigma of legal wrongdoing on magnificent projects merely because of their size.

#### CLAYTON ACT OFTEN MISAPPLIED

The Clayton Act was created during the first year of the World War.

This statute undertook to prohibit corporations from creating monopolies by indirect action, such as offering their products at special low prices until their competitors were driven out of business.

Trade agreements of all sorts, in restraint of barter and free competition, were thereby banned.

Any formal contract, by which the purchaser of an article or articles agreed not to buy some article or articles from a competitor of the seller, was also barred.

Other clauses of the Sherman law, sometimes called the "unfair practices" law, forbade holding corporations and interlocking directorates.

Authority was given to the Federal Trade Commission and the Interstate Commerce Commission to end these alleged discriminations wherever and whenever found.

#### PREVENT UNNECESSARY DUPLICATION

But the teeth of the Sherman law have been filed down considerably by obiter dicta of the United States Supreme Court in two of the most celebrated "dissolution" cases. In these "passing opinions" of the highest tribunal of our country it was clearly pronounced that all the so-called antitrust laws should be interpreted "in the light of reason" and that mere magnitude of size did not necessarily constitute a monopoly.

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The "age of reason" has since decreed that industry shall not be hampered, that corporate enterprises shall not be circumscribed or hamstrung, that constructive effort shall be rewarded so long as the motivating influence back of it reveals no ulterior purpose or unduly restrictive influence.

While destructive competition is acknowledgedly ruinous, it is now recognized by the courts that proper control of mass production is in direct harmony and accord with one of the most basic laws which have to do with the future welfare of our Nation—conservation.

It is also very clearly recognized that consolidations of the right kind tend to eliminate unnecessary duplication and wasteful competition.

In the case of almost all the companies which are now integral parts of big "combines" it is noteworthy that they formerly had too many salesmen selling articles differing very slightly, if at all, in value and price and covering identically the same territory.

It was often discovered that two or more relatively big enterprises were spending, let us say, \$1,000,000 apiece on advertising, when, by spending \$2,000,000 on one output, they could more than double the effectiveness of their advertising.

#### BOTH THESE LAWS HAVE STULTIFYING FEATURES

But until very recently the restrictive influences of the Sherman and Clayton laws have limited consolidations of a desirable kind in this country in their endeavors to expand vertically, and even horizontally, by an unreasoning enforcement of their provisions.

#### WASTEFUL DISTRIBUTION CAUSES LOSSES

But progress along these lines would be greatly facilitated by a modification of the antitrust laws, allowing the elimination of unnecessary duplication and wasteful competition.

The trend in this direction is being hastened by the casualties which have resulted from the ban on the elimination of needless competition.

While Secretary of Commerce, President Hoover estimated that fully \$20,000,000,000 is wasted each year in inefficient distribution. This vast amount, or at least the bulk of it, could be saved by eliminating needless competition.

#### WALSH BILL COULD ACCOMPLISH MUCH

It is also contended that every line of business which has attained an important position within the last 20 years, both in the manufacturing and distributing departments, are eager to obtain from their trade organizations the statistics and cost-accounting systems which these organizations have compiled, showing accurately and conclusively what it costs to do business in their particular lines.

Under the Sherman antitrust law and former rulings of the Federal Trade Commission it has not been possible to use this information and these statistics to their full value without fear of the consequences.

But under the terms of Senator WALSH's bill it will be possible to use them for the purpose for which they were intended—to permit those who know what their costs are to agree not to make or sell goods at a loss and to obtain redress against those who, through ignorance or unscrupulousness, do otherwise.

#### ALL AGREE ON REPEALING "RECAPTURE CLAUSE"

On the score of the desirability of deleting the so-called "recapture clause" of the national railroad act, which is now incorporated in section 15-A of the interstate commerce act—it is noteworthy that the long-sought-for unconditional and retroactive repeal of this provision is now urged by a majority, if not by all, of the members of the Interstate Commerce Commission. Since the enactment of this "recapture clause," the Interstate Commerce Commission has not prescribed rates which have not permitted the railroads, as a whole, to earn, in any year, a fair return, fixed either by statute or by the commission.

From 1921 to 1931, inclusive, the steam carriers failed to earn 5½ per cent on the value of their property, as found by the commission.

The indicated shortage in the "fair return" prescribed by the act, and also by the commission, is unquestionably in excess of \$3,000,000,000, if the entire period is considered.

Furthermore, it is worthy of note that as of January 1, 1931, no less than \$7,500,000,000 of railroad bonds were legal investments for savings banks but that this large total has now shrunk to less than \$2,000,000,000.

#### RAILROADS DESERVE BETTER TREATMENT

I would go a step further than advocating the unconditional and retroactive repeal of this so-called "recapture clause" by recommending that the Interstate Commerce Commission make determined efforts toward the establishment of railroad freight rates which would permit the carriers to earn a fair return.

The repeal of the "recapture clause" without the substitution of a provision recognizing the needs of the railroads on the score of more adequate freight rates would be treated by investors as an abdication by Congress of all interest in the financial welfare of the railroads.

By all means let us grant to the faithful steam carriers a return which will afford a reasonable profit for their services.

#### THE OLD-TIMER.

#### CONDITIONS IN AMERICA

Mr. CAPPER. Mr. President, a few days ago there was printed in the Kansas City Star, one of the great newspapers



of this country, an editorial that is a challenge to every true American. Henry J. Haskell, who, I understand, wrote this editorial, entitled "What of America?" is a student of affairs, a thinker with vision and conscience. The Star has long been known throughout the Middle West as a fighter for good government, a defender of the public welfare.

In this editorial, "What of America?" public attention is centered in striking fashion on a most serious situation. The Kansas City Star states it clearly, succinctly, forcefully, patriotically.

Mr. President, this Nation to-day seems helpless against the gangsters and the racketeers. The people who refused to pay tribute to Tripoli pay and pay and pay to Al Capone and his ilk.

When Colonel Lindbergh has to go to the underworld to deal for the return of his baby son—when the country admits that is the only answer to kidnaping—then I say it is time to think clearly and act decisively.

I ask permission to print the following editorial in the CONGRESSIONAL RECORD. I hope every Senator will read and consider it. I wish every American would read it carefully and prayerfully.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### WHAT OF AMERICA?

(A reprint of the editorial appearing in the morning edition of the Kansas City Star, March 14)

Two hundred years from the birth of Washington, who bequeathed to us a great heritage won through fire, sword, suffering, and self-sacrifice, we who are the inheritors find ourselves again under a yoke, abject and shameful subjects of a power enthroned by our own lethargy. This new despotism is symbolized by machine gun and bomb, by kidnaping, extortion, and racketeering. Its brazenness is exemplified by the picture of "Al" Capone seeking to barter his way out of jail as if the Lindbergh babe were his hostage, as well the child might be.

Must America bargain with its public enemies to restore a child to its parents? Must the child itself be sacrificed before a nation is aroused to its own ignominy?

The moral rot that other countries see in us is confirmed in the kidnaping of the child of Colonel Lindbergh—a tragedy that appalls and stuns. If the crime itself damns America's social organization, the necessary means taken to defeat it damn her public justice. Colonel Lindbergh can not be blamed for turning to gangdom, now in possession of our soil and citadels, and commissioning the generals of its defiant army of occupation to recover his infant son.

#### LINDBERGH CHILD AMERICA'S HOSTAGE

The child is not his hostage alone; it is America's hostage to the forces that have seized our most precious liberties while we have slept. The time has come again when the drums should beat and the lights gleam from church tower to rouse us to our danger.

This demonstration of the power of an encroaching dictatorship of crime is not new. It has been witnessed in all our cities; a slinking, treacherous power that preys upon the people, levying tribute, exacting its demands, enforcing its own punishments with ruthless and cruel disregard for all human rights, even to life itself.

It is a shameful picture to paint in this year of the Washington bicentennial. That observance has produced much lip praise of the institutions which we Americans of this age, who did not create them and have done much to destroy them, claim as our own. By some process of muddy thinking we are able to spur ourselves into shouting and babbling that these institutions were bequeathed to us by Washington, but we haven't unwrapped them lately to see what they are.

#### WE MOCK OUR HERITAGE

We like to make speeches about the sufferings of George Washington and his Army at Valley Forge, but our own fortitude isn't great enough to take us to the polls, if it happens to be raining, to preserve what Valley Forge won for us. Even when we do reach the polls by the most extraordinary sacrifice of time from golf or bridge, we are told how to vote and for whom to vote. After this votary gesture before party fetishes, we go our ways, leaving too often in office puppet mediocrities who dance on strings pulled by the manipulating machines, many of which are allied to or a part of the new tyranny.

We celebrate Washington's anniversaries with oratory and brass bands—and cast the heritage he left to us into the nearest alley. When brass-throated orator and brass-throated band have run out of wind, hark to America's real acclaim of the Father of His Country and the institutions he bequeathed. Hark to the sounds of its laughter and revelry, and the rattle of the gangster's machine gun. These are America's true salvos of salute to George Washington. With them she has accomplished in a few short years of selfish pleasures and easy living the descent from the sunlit

heights of freedom and glory, where he placed her, to the black and slimy depths of moral anarchy.

In the two-hundredth year of Washington's birth, America, reeling and laughing in her dance of madness, has come at this day to be the fulfillment of the word of the prophet:

"The heart of the fool is in the house of mirth, but the heart of the wise is in the house of mourning."

#### IGNOMINIOUS SURRENDER

There, in our revelry, in our unthinking, is cast up the account of our stewardship of Washington's heritage. Americans and all other peoples may read it. Ours is the most lawless country in the world. Its name is a scoff and a jeer.

Stern virtues of Pilgrim forefathers have drained away in years of ease and easy living. Privileges and preferment usurp the rewards of honest toil. Wordy phrases take the place of deeds and our social structure has surrendered to the enemy of corruption and crime. All must share the blame when this enemy lays war indemnities upon us. America's citizenship must render homage and pay tribute to the powers that be in their land. They are no longer the powers of America's organized society. There is another government of this country; it is the government of organized crime, and it exercises the power to levy upon us a constantly increasing burden.

Colonel Lindbergh had to treat with this other government in his State and country when their government of ordained law could neither protect his family from violence nor give him justice against it. He had to treat with the powers that be, and so do all Americans when those powers put pistols to their heads.

Americans, did we say? They may bear the name, but are they the breed of Americans Washington led across the Delaware that freezing Christmas night to surprise the enemy at Trenton, not far from the stricken home of the Lindberghs? That was in another age, when Americans were fighting barefoot in the snow to establish that there should be only one government in America, and that their own.

#### THE NEW GOVERNMENT

There now is another government in America. How has it come about? Americans of to-day did not try to stop the enemy at the walls. They let the invader in to seize and occupy our cities and then sued for terms upon which they might be permitted to live and pay tribute in the country Washington had bequeathed to them free from tyranny and oppression.

This conquest of a great nation by an internal enemy springing up from the jungles that nation had permitted to overgrow its once blossoming domain is the most shameful in history. The inheritors of the land did not strike a blow. Rich and lazy, we preferred paying to fighting. Ours is the history of all tribute-paying the more we paid, the more was demanded. The whole social organization surrendered. Cowed and intimidated, it gave with its tribute its political institutions to be debauched and its pampered body to be kicked.

#### THE VALLEY FORGE SYMBOL

Back a little way in history, a soldier, his bleeding feet wrapped in rags, his musket under his ragged coat to protect its lock from the snow, is marching mile on mile through the dark and cold of a bitter winter night. Ahead is his leader, the first captain of the age, serving without pay in what seemed in that black hour to be a lost cause. These two soldiers had taken up arms to free America. The fame of one of them now fills all the world. The name of the other is unknown. It can be found in no book or on no monument. But if he is not known by name, he is known by the proudest title the history of the country he died to save that freezing night could bestow upon him. Like his great leader, he was an American. These two soldiers, the Commander in Chief of that army and the continental who left his bloody tracks in the snow, founded the greatest republic in the annals of man.

Is it to be recorded that they lived and suffered and strove in vain, and that their Republic, which they thought would be a boon to their countrymen for all time and a beacon to the oppressed of all lands, has been given back to the jungle by their descendants, the huddled, bleating, sheep-Americans of to-day?

#### NOT DEAD, BUT SLEEPING

Surely the spirit of Valley Forge can not be dead, for if it is, then not "What of America?" but alas for America! But we do not believe it is. Americans have been unthinking, careless, selfish, but they can be aroused. Their pride in their land, their heritage, will yet bring them to its defense. Only 14 years ago, Americans were showing their mettle on the battlefields of France. The "Lost Battalion" was the spirit of Valley Forge flaming again. There was discipline, unity, consecration, self-sacrifice. These qualities surely remain in the great inert mass of our people. America, like China, has been a sleeping giant. The time has come for it to stir to the dangers, to act, and, in the action, crush out all the vicious, parasitic, and damnable usurpers.

To paraphrase Lincoln, America can not live free only in name and subject in fact.

#### EMERGENCY HIGHWAY CONSTRUCTION—PHILIPPINE INDEPENDENCE

Mr. HAYDEN. Mr. President, I want to inquire of the Senator from Mississippi, in charge of the tariff bill, whether it is expected that debate will begin on it to-morrow, or whether there might be an opportunity, if we are not to



proceed with the consideration of that bill, to take up House bill 9642, the emergency highway construction bill?

Mr. HARRISON. It was expected that we would proceed right along with the tariff bill, but the senior Senator from Utah [Mr. Smoot] has just informed me that he can not be here to-morrow, and I told him that I thought there would be no objection raised, so far as this side is concerned, to laying aside temporarily the tariff bill for to-morrow, if there were other matters to come up. Of course, I have no objection to the Senator's bill coming up.

Mr. HAYDEN. I would like to give notice that if there is an opportunity to debate the bill to-morrow I propose to take advantage of it.

Mr. BINGHAM. Mr. President, just in order that there may not be any waste motion in this matter, if the Senator proposes to ask unanimous consent to lay aside the unfinished business in order to take up the road bill, I shall have to object.

Mr. HAYDEN. If it is quite evident that there is to be no debate upon the tariff bill to-morrow and there is an opportunity for the Senator from Connecticut to make the speech which he desires to make, I hope he will make it.

Mr. BINGHAM. I really think that the Filipino independence measure is of more importance than the road bill, and if the tariff bill is not debated to-morrow, I shall ask the Senate to proceed to consider that measure.

#### EXECUTIVE BUSINESS

Mr. McNARY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### REPORT OF COMMITTEE

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

#### BERT REDMON

Mr. GORE. Mr. President, I ask unanimous consent that the vote by which Bert Redmon was confirmed as postmaster at Sallisaw, Okla., be reconsidered, and that the nomination be recommitted to the Committee on Post Offices and Post Roads.

This nomination was confirmed on Friday last in my absence and I had released it through inadvertence. The highest man on the eligible list is an ex-soldier, and therefore has a preferred status. The lowest man on the list was nominated. I desire to look into the situation further, and therefore I make this request.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the vote by which the nomination was confirmed is reconsidered, and by unanimous consent the nomination is recommitted to the Committee on Post Offices and Post Roads.

#### TREATIES

The Chief Clerk proceeded to read Executive KK.

Mr. McNARY. I ask that the treaties on the calendar may go over.

The PRESIDENT pro tempore. The treaties will be passed over.

#### THE JUDICIARY

The Chief Clerk read the nomination of Charles A. Jonas to be United States attorney, western district of North Carolina.

Mr. McNARY. By agreement between the Senators from North Carolina and the junior Senator from Minnesota [Mr. Schall], that nomination will be passed over this evening.

The PRESIDING OFFICER. The nomination will be passed over.

The Chief Clerk read the nomination of Watt H. Gragg to be United States marshal, middle district of North Carolina.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### FEDERAL FARM LOAN BOARD

The Chief Clerk read the nomination of Vulosko Vaiden to be a member of the Federal Farm Loan Board.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. ODDIE. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, all nominations of postmasters on the calendar will be confirmed en bloc.

This completes the calendar.

#### ADJOURNMENT

Mr. McNARY. As in legislative session, I move that the Senate adjourn, the adjournment being until 12 o'clock to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock p. m.) adjourned until to-morrow, Wednesday, March 23, 1932, at 12 o'clock meridian.

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate March 22 (legislative day of March 21), 1932*

#### MEMBER OF THE FEDERAL FARM LOAN BOARD

Vulosko Vaiden to be a member of the Federal Farm Loan Board.

#### UNITED STATES MARSHAL

Watt H. Gragg to be United States marshal, middle district, North Carolina.

#### POSTMASTERS

##### ARIZONA

Loren W. Harper, Buckeye.  
John A. Williams, Hayden.

##### GEORGIA

Herbert I. King, Dexter.  
Thomas J. Barfield, Emory University.  
Estelle Willis, Hardwick.  
Virginia E. Holder, Jefferson.  
Clarence G. Hardigree, Watkinsonville.

##### ILLINOIS

William R. Cale, London Mills.

##### INDIANA

David M. Hoover, Elkhart.  
Roy R. Roudebush, Greenfield.  
Frank H. McGuire, Milroy.  
Grant F. Long, Monon.  
George W. Owen, Poseyville.  
Jacob Ochs, Remington.  
Frank M. Thompson, Versailles.

##### MICHIGAN

C. Clyde Beach, Deerfield.  
Arthur Dillon, East Tawas.  
Harry E. Penninger, Lake Linden.  
Burton E. Giles, Plymouth.  
Carrie M. Colegrove, Remus.  
Ralph S. Wiggins, Sunfield.  
Albert S. Stieg, Temperance.  
Charles J. McCauley, Wells.

##### NEW YORK

Harold L. Payne, Bainbridge.  
Jennie M. Steinhilber, Beaver Falls.  
George H. Farley, Broadalbin.  
Elizabeth H. Oschmann, Broad Channel.  
Peter R. Carmichael, Caledonia.  
Edmund B. Windsor, Castile.  
John G. McNicoll, Cedarhurst.  
John F. Wickham, Clyde.  
Laurance C. Baker, Comstock.  
Stanley W. Parsons, Copenhagen.



Harry L. Hedger, Glen Cove.  
 Henry L. Sherman, Glens Falls.  
 Oby J. Hoag, Greene.  
 Carl Gardner, Groveland.  
 Nell S. Barclay, Hillsdale.  
 Robert L. McBrien, Huntington.  
 Estella Otis, Keene Valley.  
 Ruth W. J. Mott, Oswego.  
 John H. Quinlan, Pavilion.  
 Harry C. Holcomb, Portville.  
 Giles C. deGroot, Ronkonkoma.  
 Asa C. Rowland, Salamanca.  
 Conrad Happ, Sparrow Bush.  
 Walter W. Tilley, Theresa.  
 James Richtmyer, Windham.  
 John T. Gallagher, Witherbee.

## NORTH CAROLINA

William T. Fletcher, Boonville.

## NORTH DAKOTA

Guy E. Abelein, Anamoose.  
 Gilbert A. Moe, Sheyenne.  
 James C. Acheson, Souris.  
 Edith M. Ericson, Underwood.

## VERMONT

Joshua H. Blakley, Bellows Falls.  
 Sanford A. Daniels, Brattleboro.  
 Percy E. Bevins, Burlington.

## VIRGINIA

Campbell Slemp, Wise.

## HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 22, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father, our prayer to Thee is not an attempt to change Thy will, but to adjust our motives to the divine purpose. Thou hast said, "God so loved the world"—then it is not lost. Have pity when Thou lookest upon its marred face. Restore unto it everywhere the blessings of just and righteous government. Look upon our own country; may we have a boundless faith in its institutions and work unceasingly for its greatest good. Mold our decisions and determine their direction. Create within us heroic convictions, and may we be of tried metal in every hour of need. Make us men who bear in our own breasts the worth of man. God help him; he is more immature than wicked. By every widening of our affection for him we reflect the character of our Elder Brother. Grant that we may have this day the consciousness of having done cheerfully the things which are altogether worthy of our station and made an essential contribution to the stability of the Republic. Amen.

The Journal of the proceedings of yesterday was read and approved.

## ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, before the special order is taken up to-day, may I ask the majority leader a question or two? Several Members have asked me about the Granata contested-election case. I wish we could have some agreement on a day certain to determine that case, if possible. The suggestion is made on this side because a great many of the Illinois Members have primary election contests, and they would like to have this go over until after April 12. As a matter of fact, I shall make the request for April 14 as a day certain, if the gentleman from Illinois could consider it.

Mr. RAINEY. Mr. Speaker, I regret that that would be impossible. We do not want to bring it up during the pendency of the tax bill, although it is a matter of the highest privilege. We will call it up immediately after the tax bill and make it the first order of business.

Mr. SNELL. It is somewhat uncertain when the tax bill will be finished. Could the gentleman agree that he would give this side at least three days' notice before the election contest is called up? I think that is only fair, so that we may have a definite day fixed.

Mr. RAINEY. I think before we get through with the tax bill we will be able to determine approximately the day that we will finish it.

Mr. SNELL. I think it is only fair that we should have two or three days' notice before the case is taken up.

Mr. RAINEY. I agree with the gentleman.

Mr. SNELL. I would like to have it fixed for the 14th of April, but if the gentleman can not do that, I hope that he will definitely announce it two or three days in advance.

Mr. RAINEY. The only definite thing that I can state is that we can not take it up during the consideration of the tax bill; but we will take it up immediately afterwards, and we will give the gentleman three days' notice.

## REVENUE BILL OF 1932

The SPEAKER. Under special order, the gentleman from Arkansas [Mr. PARKS] is recognized for 10 minutes.

Mr. CROSSER. Mr. Speaker, before that is done, will the gentleman from Arkansas yield?

Mr. PARKS. Yes.

Mr. CROSSER. In order that I may call the attention of the House to the fact that we have from Ohio here this morning, in the gallery, the representatives of the Chiefs of Police and Sheriffs Association of Ohio. [Applause.]

Mr. PARKS. Mr. Speaker and gentlemen of the House, I realize as much as any man who lives the critical condition of this country to-day and that the hour has come for every patriot of this land to give to this subject the most careful and thoughtful consideration. I have no criticism to offer of the members of the Ways and Means Committee that brought in the tax bill under consideration. I know the cross currents under which they labored. I know that here and there, their trail has been beset until they were unable to bring in a bill that was satisfactory to them, and I have no thought in my remarks of criticising the committee. I disagree with most of the bill.

I think, perhaps, for the first time in the history of this Congress, or at least during the years that I have been here, one of the leaders of this House felt it his duty to catechize and chastise the Members who were endeavoring to follow him. On the first day that the bill came up for consideration our distinguished friend took the floor to criticize those of us who dared to speak the language of the man who toils, and the man who labors, and then on a succeeding occasion there was broadcast one evening to the four corners of the earth, the statement that an insidious lobby was here undertaking to join with us to defeat the sales tax. Later on this same distinguished leader took the floor to further chastise us and say that Democrats following the Democratic platform and listening to the voice of humanity had gone further toward communism than any country in the world except Russia. I fling back into the face of those who criticize us in this way that we resent that criticism. Then finally, through a national hookup, it was broadcast to our constituents over the radio to send to their Congressmen a message telling them to lay upon the backs of the laboring people of this land \$595,000,000 in taxes that the Congressmen think are unjust, and which the Democratic platform said you should not put upon the backs of the people as a matter of principle.

The first day the bill was under consideration and before the ink was dry upon it, one of our distinguished leaders said, "Oh, yes; it is a popular thing to say, soak the rich," and that has become the shibboleth of the men who are advocating this sales tax. I have no disposition to soak the rich, but I say to you now that whether you soak the rich or not, this patriotic band stands together and vows by all we hold sacred in this world that you shall not soak the poor. [Applause.]

I am just as jealous of the credit of our country as any man here. I am just as jealous of her credit and her faith as any man who walks this earth, but the fight that we made



has brought about a change in this bill that will be for the benefit of the American people. If we can help it, you shall not take the sweat from the toil of the working people of this land and pay this deficit, but you must go to the accumulated fortunes of the men who brought on this infamous panic, and pay this deficit. [Applause.]

Mr. RANKIN. Will the gentleman yield?

Mr. PARKS. I yield.

Mr. RANKIN. It was intimated on the floor of the House on Saturday and carried throughout the press that those of us who are opposing the sales tax were excited and in no condition to legislate. As a matter of fact, the only people who were excited were the advocates of the sales tax who were opposing us.

Mr. PARKS. I think the gentleman is correct about that. Surely no man who is opposing this sales tax has got so excited that he would criticize unjustly the men who do not oppose it, in this great fight.

What is the bill before us? What does it do? It taxes everything, practically, that is manufactured in this world. It taxes the ice that you press to the fevered brow of your sick and your loved ones. It taxes the bread that you put in the mouths of the hungry. It taxes the shoes that you put on the feet of the barefooted. It taxes the clothes that you put on their backs. It taxes the hat that goes on their heads. It taxes every manufactured article, almost, known to man.

Mr. BLANTON. Will the gentleman yield?

Mr. PARKS. I will.

Mr. BLANTON. It has been stated also, through the press and here, that those of us who, in accordance with the Democratic platform, are fighting a sales tax, are insurgents, when it is very evident that a great majority of this House is against the sales tax, hence those who are for it should be called "the insurgents."

Mr. PARKS. Not only that, but nowhere has any Democratic platform nor any Republican platform ever declared for this unholy tax that must be put upon the necessities of life, and not upon the ability of a man to pay and the man that has it. Why not levy a tax upon incomes? We have the lowest income taxes of any nation on earth which has an income tax. Why not go to the men that have ability to pay? Why not go to the men who have accumulated these fortunes, men who have hidden them out and taken them away and put them out of circulation? Why should we not lay our hands upon those vast fortunes that to-day have made this panic that we are now going through?

Three years ago this was a prosperous land. Three years ago the wheels of industry sang a song of happiness, of prosperity, love, and contentment. Millions of men bade their families good-by in the morning, with a full dinner pail on their arm, and went forth to make an honest living, happy in the thought that they were able to build a home and to buy for their loved ones. Then there came striding across this earth that great colossus who said, "Make me your leading official; make me your chief, and prosperity will not only continue but we will have an automobile in every garage; we will have two chickens in every pot." Lo and behold, three years from that time you not only do not have the automobile in the garage but you do not have the garage. You not only do not have two chickens in the pot but you do not even have the pot in which to put the chickens. [Applause.]

To-day over the head of every man and over the head of every woman disaster hangs like the sword of Damocles, and millions of men to-day are without work. In more than 8,000,000 homes the wail of the wolf of want is heard by day and by night, and famine, like a grim specter, wraps her shroud about her and goes from door to door, from coast to coast, and yonder in the White House sits that great mind, impotent and helpless, while men are without employment. [Applause.]

The SPEAKER. The time of the gentleman from Arkansas has expired.

Mr. PARKS. Mr. Speaker, I ask unanimous consent to proceed for one additional minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PARKS. Mr. Speaker, in conclusion, let me say our crowd is not to be terrorized or intimidated by anybody. They have just begun to fight, and in the words of that immortal American who will live forever in the hearts of his countrymen, "We are standing to-day at Armageddon, battling for the Lord." [Applause.]

The SPEAKER. Under the special order of the House, the gentleman from Nebraska [Mr. HOWARD] is recognized for 10 minutes.

Mr. RAINEY. Mr. Speaker, may I propound a unanimous-consent request?

The SPEAKER. The gentleman will state it.

Mr. RAINEY. I have no desire to reply to the address just made by the gentleman from Arkansas; but I ask unanimous consent to insert at this point in the RECORD and just after the gentleman's address my radio speech to which the gentleman referred.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. RANKIN. Reserving the right to object, is that the same radio address to which the gentleman referred, criticizing the Members of Congress who are opposed to the sales tax?

Mr. RAINEY. The gentleman will find nothing of that kind in it. That is the reason I want to press it at this point.

The SPEAKER. Is there objection?

Mr. LaGUARDIA. Reserving the right to object, and I shall not object, but if the gentleman's radio speech—

Mr. BACHARACH. Mr. Speaker, the regular order.

Mr. LaGUARDIA. The gentleman can have the regular order if he wants it. The regular order is that I am going to make a unanimous-consent request.

The SPEAKER. There is one unanimous-consent request pending.

Is there objection?

There was no objection.

Mr. RAINEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, granted this day, I include the speech I made over a coast-to-coast network of the National Broadcasting Co. on Thursday night, March 17, 1932, beginning at 10.15 p. m., eastern standard time.

The speech is as follows:

The levying of taxes is one of the unpleasant duties devolving upon a Member of Congress; but when the necessity arises for the imposition of additional taxes, we must meet it with courage. Nobody likes to be taxed.

There is under consideration to-day in the House of Representatives a tax bill which we will commence to read for amendments to-morrow, and which proposes to raise enough additional taxes to balance the Budget in 1933. The bill is being vigorously opposed upon the theory that we can balance the Budget by reducing the expenses of operating the Government or that we can balance it by imposing higher taxes on the big incomes and on the big estates, and the general public has the impression that Federal salaries are too large and they should be cut, that they should receive the same cut that business is now giving to its employees and which have been sanctioned by the labor organizations, and this amounts to a 10 per cent cut in all salaries. These propositions appeal very much to the taxpayers, and they have become convinced that this is the road out of our present difficulties.

To-night I expect to discuss the exact situation in which we find ourselves at the present time. The facts I am going to give you are the result of close study and the figures are official and are also corroborated by extensive research work.

At the present time our Federal deficit is greater than the deficit of any other nation in the world and is greater than the deficit of any nation at any time in the history of the world. We are not collecting enough money to run the Federal Government.

In 1931 we ran behind \$1,123,000,000. Nearly half this amount was due to borrowing for the loans we made to veterans. At the present time the Federal Government is running behind \$7,832,000 every day, and unless we succeed speedily in balancing our Budget this daily deficit will not only continue but will be substantially increased.

The deficits for the fiscal year 1931 and for the fiscal year 1932 are not provided for in the Budget for 1933. It would be impossible to do that. These enormous amounts are being added, or will eventually be added, to the public debt. By the end of the fiscal year 1932 we will have added to the public debt \$5,000,000,000.



which must some day be paid. In other words, the public debt is almost back now to where it was when we commenced to reduce it a few years ago. If we can sell long-term Government bonds at 4¼ per cent in the near future, and that is the least we can expect to pay, we will have added to the expenditures of this Government on the item of interest alone per year \$210,000,000.

We have borrowed all we can. The Government's credit is destroyed. Recently some of our bonds were selling as low as 85. When the announcement was made three or four weeks ago that we proposed to balance the Budget, Government bonds went up until these low-interest-bearing bonds are now selling around 91. Less than a year ago they were selling for 101. When the credit of a government is so destroyed that its bonds sell below par, as our bonds are doing, and when it can not borrow money at all on long-term issues, and when we are running behind nearly eight million dollars a day, the conclusion is inescapable that the Government is bankrupt and its solvency must be restored.

Our Federal Government has no assets except its public buildings which yield nothing in the way of revenues, and its public lands which yield no revenues, and which we can not even give away on account of the fact that they are practically worthless except for grazing purposes.

The Members of both branches of the National Congress sit here as directors of the greatest corporation in the world, of which 120,000,000 people constitute the stockholders, and the 120,000,000 stockholders ought to be in favor of measures which will restore the solvency of the great corporation in which they are interested. Unless we do it, there is ahead of us in the immediate future, and it may come this summer, a panic the like of which no other nation in the world ever experienced. We must restore confidence in our banks. People are now hoarding their money, and over a billion and a half dollars have now been retired from circulation. We must restore the buying power of the people, and the first step in that direction is to restore the solvency of the Government itself.

It is a popular thing to "soak the rich" by taxes. Those of you who agree to that proposition will be pleased, I am sure, to know that we are doing it in this bill. We take in taxes approximately one-half of all incomes over \$100,000 a year. This is as far as we are advised by economists we can safely go without reaching diminished returns. We are practically doubling the income taxes and surtaxes and we are lowering the exemptions. After having done all this we will still have left a Budget deficit of \$1,241,000,000 for 1933.

We are decreasing all governmental expenditures for 1933 by reductions made now in Congress as the Budget estimates come in of \$125,000,000. We are, by administrative economies in the departments of the Government, accomplishing a saving of \$100,000,000 more. Already governmental employees are being discharged in order to accomplish this, and Members of Congress are beginning to hear from it, but we expect to accomplish these economies, and this is as far as we can hope to go unless we reduce salaries of all employees of the Federal Government from the President down.

You will be interested in knowing what can be accomplished in the way of salary reductions. It is popular to suggest that reductions be made of salaries of \$5,000 and over that. I have been advising that course myself, but a 10 per cent reduction in all salaries of \$5,000 and over will result in a yearly saving of approximately \$3,500,000, which is less than half of the Federal Budget deficit for one day of time. If we reduce all salaries of \$5,000 and more than that 20 per cent, the result would be that we will then have failed to overcome the Budget deficit the Government is now sustaining for one day.

In order to accomplish any substantial cost saving, we are going to be compelled to reduce all salaries 10 per cent. If we reduce all salaries 10 per cent, from the President down, we will accomplish a cost saving in the operations of the Government of less than \$58,000,000. In other words, we will only overcome the Budget deficit we are now sustaining for approximately eight days of time.

I only speak for myself, but I have been compelled to the conclusion that we must reduce all Federal salaries, little and big, for the psychological effect it will have on the country in the immediate future.

I might mention also that we are practically doubling the taxes on the big estates by these increases, but they will not be available during the fiscal year 1933. Therefore they do not help us much. It takes over a year to settle up an estate, especially a big estate. The Government will not get the taxes until the estates are settled.

The next proposition which presents itself is how much can we reduce the ordinary expenses of the Government. It will surprise many of you to know that out of every \$100 the Government expends \$71.88 is expended on account of wars—wars which have been and wars which may occur in the future. It would appear to those of you who have not closely studied the question that reducing this amount ought easily to be effected, but I call your attention to the fact that \$28.83 of that amount goes out in the payment of interest on war debts, and these bonds are held by our own nationals. This, of course, can not be reduced.

Of that amount \$26.71 is expended on account of pensions to soldiers of all of our wars and to their dependents. There is no way of reducing that. We can not close the hospitals and discontinue our pensions to disabled and aged veterans and their widows and dependents. None of you want to do that if you could.

I have now accounted for \$55.54 of the \$71.88 expended on account of war. That part of it can not be reduced. At the present time we are expending on account of our Army and Navy only

\$16.35 of the amount which I am enumerating as war expenditures. We hope to accomplish some reductions in that, but not much. Patriotic organizations throughout the United States are most vigorously protesting against reductions in the amount expended on the Army and Navy and thereby interfering with our national defense. This makes up the entire amount of \$71.88 out of every \$100 the Government expends. I would like to know how we could accomplish many substantial reductions there.

Out of every \$100 which the Government expends, \$9.03 goes for public improvements, good roads, improvements in rivers and harbors, and public buildings. If we stop building roads and stopped absolutely the work on rivers and harbors and stopped the building of public buildings and eliminated this entire expense, we will not have saved much, and the demand for roads, improved rivers, and public buildings is so great that we can not expect much reduction in this amount.

This leaves out of our \$100 only \$20 which we expend for carrying on all of the functions of this great Government of ours, amounting in all to eight hundred millions, out of four billion plus dollars we expend every year, and out of this \$800,000,000 must come the reductions we expect to make.

We expect to accomplish a reduction in this amount of \$225,000,000 in the next year, and to that should be added approximately \$58,000,000 if we cut all salaries 10 per cent, and in estimating our deficit we are already accounting for this reduction in expenses of \$225,000,000. If we cut salaries and take out \$58,000,000 more we will have left only \$607,000,000 with which to carry on the functions of this Government.

These facts are unpleasant to a great many of you, but you ought to know about them. I might add to this, and I regret to do it, this additional fact, that in estimating our income for 1933 we include as receipts the \$270,000,000, the allied nations will now owe us in 1933. Personally, I do not think they will pay a dollar of it. If they do not pay, our deficit for 1933 will be \$270,000,000 more than we have estimated it to be.

We have also estimated that our receipts from income taxes in 1933 will be \$1,100,000,000. It may be much less than this. I notice from newspaper items statements to the effect that it may be \$300,000,000 less than this amount, and estimates they make are based upon the income-tax returns now coming in. If they are right about it, this will add to the deficit another \$300,000,000. Personally, I can not believe that they are right, although I am sure there will be a substantial reduction below our estimates.

The situation I am describing is not pleasant, but the millions of people who are listening to me to-night ought to know exactly what is happening. Our great deficit is not due so much to increased expenditures of the Government, although increased expenditures in part account for it, but in small part. Our deficit is due to diminishing returns in practically every item of national revenue. The income tax is our principal source of revenue. In 1932 our income from this source decreased \$660,000,000 below the receipts for 1931. For 1933 we are estimating a further decrease of revenue from this source of \$40,000,000. Personally, I now believe it will be much more than that amount, and the newspapers which are now estimating it at \$300,000,000 may even be right about it.

I might go through the list of revenue receipts from all sources and they will all show decreases.

We are proposing a general sales tax of \$600,000,000 spread over the entire field of industry, exempting raw foodstuffs and canned foodstuffs, exempting every business with a turnover of less than \$20,000, also exempting from its operation all farm products and the expenses of farmers for fertilizers and seeds. This is the kind of a tax in force now in practically every country in the world. It is an emergency tax. It will be an invisible tax, not perceptible to the purchaser of completely processed articles.

A tremendous opposition to this is being stirred up in the country. If it is defeated, we are going to be compelled to go to the high, objectionable war-time excise taxes, such as additional taxes on tobacco, on conveyances of real estate, on automobiles, on admissions to theaters of 10 cents and over, on radios and phonographs, on checks and drafts, on increased postage rates from 2 to 3 cents. Some or all of these taxes may be necessary to balance the Budget. It is a choice now, so far as the battle goes, between the general sales tax I have mentioned and the objectionable taxes like these. Of course, we must go to one or the other of these systems.

If you prefer a return to the war-time taxes, your representatives in Congress will put them in. If you prefer the emergency general sales tax spread over practically the entire field of industry, therefore bearing lightest on the individual industries, your representatives in Congress will give you that kind of a tax. Members of Congress hear only from their constituents who are opposed to balancing the Budget, and the letters and telegrams they are receiving—I am receiving hundreds of them every day—are the result of propaganda sent out by the new type of lobbyists we have, whom I am calling invisible lobbyists. We never see them. They give no study whatever to the subjects they take up.

Their effort is, in order to defeat certain propositions or to get higher tariff rates, to circularize the districts of Members of Congress asking the citizens that they write to their Members of Congress or wire them opposing or favoring certain propositions, and then we commence to hear from them; and if a Member of Congress hears from his constituents, whether what he hears is propaganda or not, he listens to it. We have had enough of these propaganda letters.

And in conclusion I want to ask all of my listeners to-night who are impressed by the facts I have been relating to wire or



write their Members of Congress at once, insisting that the solvency of the Government be restored and that they vote to do it. If you prefer the sales-tax method, tell them that. If you prefer the more objectionable methods which you have already tried in war time, tell them to vote for that; but tell them, so that they can understand it thoroughly, to vote for these taxes and to do what they can to balance the Budget of the great corporation in which you are all interested as stockholders.

The SPEAKER. The gentleman from Nebraska [Mr. HOWARD] is recognized for 10 minutes. [Applause.]

Mr. HOWARD. Mr. Speaker, every American citizen with red things in his blood has difficulty in being calm in the presence of either a direct or an implied challenge to his patriotism. I shall be calm now, Mr. Speaker, for two reasons: The first is the command of my doctor. The second is that I do not want to inject anything here which might further increase the bitterness entertained by many Members of this House with reference to the sales tax.

Oh, I wish that my beloved leader by choice of the years ago, and my leader through only the call of love in this moment, might inject into this debate more of the views he entertained in other years as to this legislation, and less of his unhappy transformed views of to-day.

Those of us who have opposed the sales tax have been charged, impliedly, at least, with trying to Russianize this dear Republic of ours, and with creating a spirit of communism.

Mr. Speaker, who is now creating the spirit of communism in America? I declare to you my sincere belief that the daily conduct of those elements so largely behind the sales-tax proposition, without any reference at all to my colleagues here—the attitude of those men—is creating more of the spirit of communism in our country in an hour than a thousand street-corner, soap-box orators could create in a month. [Applause.]

I have heard it stated on this floor that one William Randolph Hearst was responsible for the bringing of this sales-tax proposition before our House.

I want to be fair toward all men. I hold no brief for William Randolph Hearst. I accepted his invitation to go to Canada to study the sales tax. I was his guest. I am glad to say he treated all of us very courteously, and I am here to testify that so far as I knew he did not, even by inference, try to impress us with his view regarding the sales tax while we were in Canada. But I am glad I went to Canada. I saw at first hand the workings of the sales tax, and God forbid that those workings should ever be carried to my own country. [Applause.]

Mr. Speaker, what is the chief object of the sales tax, or, rather, what is the chief object of its promoters—meaning, of course, not at all any colleagues of mine in the House? The chief object of the real promoters of the sales tax is to build up a system of taxation in the United States under the terms of which those who are able to pay will have a large measure of the burden of taxation removed from their shoulders and laid upon the shoulders of those less able to pay.

In fine, it means, carried to its legitimate conclusion—just as it means in Canada—that soon or late there will be so much of a sales tax collected from the common herd in our country that the Congress will be called upon to lift the burdens of income taxation which now rest upon the shoulders of the uncommon herd. That is all there is about it.

We have read in the newspapers in recent hours that this sales-tax feature of our bill is going to be sugar-coated in a manner to win to its support those of us who are opposed to the principle of the tax. I do not believe, Mr. Speaker, that any one of the progressive Democrats and progressive Republicans with whom I have been associated in opposition to this bill can be brought to desert a principle by any sugar-coating of this legislation by the committee. [Applause.]

Mr. Speaker, with your permission, I would just like to talk a little to Democrats alone. [Laughter.] If it be true—and it is true—that the Democratic Party has always been the party of the people in this country, what will the people whom this party is supposed to represent have to say to us during the approaching campaign if we shall send every

Member of the Congress and our presidential nominee out into the world defending the infamous thing known as a sales tax?

Mr. RANKIN. Will the gentleman yield?

Mr. HOWARD. Certainly.

Mr. RANKIN. Every time this sales tax has ever come up in a National Democratic Convention it has been unanimously condemned.

Mr. HOWARD. Oh, yes, it has, and it will be condemned by the approaching Democratic National Convention. [Applause.] But I want to ask you Democrats to think of this seriously. Do you really want to see a Democratic President occupying the chair of state here in Washington? Do you? Do you believe that you can send a presidential candidate out to plead the cause of a sales tax before the common people with any assurance whatever of his election? Why, no; you do not. You do not believe anything of that kind. It is not possible.

Oh, my friends, I wish I might be privileged to speak to you very vigorously this morning. If I could, I would like to paint a word picture of a wonderful house on a high hill, a beautiful house, and over the door of that house in letters of silver and gold would appear the words "The House of Victory."

Now, pretty soon we are going out on a march toward that house. Here in this House to-day we will act in manner to make possible the entering of the Democratic hosts into the door of that house of victory or we will act in manner to have the Democrats stopped at the very threshold of that door—stopped by their own suicidal act in passing a sales tax. [Applause.]

Mr. SCHAFER. Will the gentleman yield?

[Here the gavel fell.]

Mr. HOWARD. Mr. Speaker, may I speak a little while longer? [Applause.] I ask unanimous consent to speak for five minutes more.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. HOWARD. First I want to answer the question of the gentleman from Wisconsin.

Mr. SCHAFER. Is it not a fact that the gentleman who holds a mortgage on the Democratic Party, Mr. Raskob, is in favor of this sales-tax monstrosity?

Mr. HOWARD. The gentleman from Wisconsin is more acquainted with mortgage holders than I am.

Mr. BLANTON. Will the gentleman yield?

Mr. HOWARD. Oh, yes.

Mr. BLANTON. Neither Mr. Raskob nor anybody else holds any mortgage on the Democratic Party. The gentleman from Wisconsin will learn that when the Democrats of this House get through with the so-called nonpartisan sales tax the Democrats of the Nation will still have plenty of confidence in the Democratic Party. [Applause.]

Mr. HOWARD. Oh, I hope so.

Mr. CONNERY. Will the gentleman yield?

Mr. HOWARD. Yes.

Mr. CONNERY. The gentleman has talked about our march toward Democratic victory in the next election, and I would like to ask the gentleman's reaction to this fact: The President of the United States at no time has said in any public statement that he is in favor of any pay cut in Federal salaries. If the gentleman, like myself, wants to see a Democratic President of the United States, does he not think that the Economy Committee had better take a vacation? [Laughter and applause.]

Mr. HOWARD. Mr. Speaker, instead of having the Economy Committee take a vacation, my best wish at the moment is that instead of a vacation the Economy Committee get busy and bring into this House a proposition to do away with every useless board and Federal commission created by the President [applause]; and, further than that, to bring in legislation to reduce temporarily, at least, the salary of every public official in the higher brackets, including my own. This is what I think the Economy Committee ought to do. [Applause.] I do not speak from the stand-



point of a man who has so much money that he can afford to give away two or three thousand dollars of his salary, but God and men know that we, as Members of this Congress, can better afford to sacrifice one-fourth of our salary and still be in better attitude to live and to eat than millions of American citizens who but a little while ago were even better financially fixed than we are.

I do not want to be regarded as a demagogue, but if my advocacy of human rights as against money rights shall win me that designation, then I shall accept it as a badge of honor. [Laughter and applause on the Republican side.]

Now, I want to go over here and talk a little bit to my sales-tax brothers on the other side of the aisle. [Laughter and applause.] Now, my brothers—brothers in name, but not in fact—I sympathize with you.

Mr. SNOW. We do not need it.

Mr. HOWARD. Oh, you do need lots of sympathy. I sympathize with any man belonging to a political organization who is unable to look up to the titular head of that organization and discover one single act or one single principle ever performed or advanced by that titular head for the cause of human rights as against money rights, which anyone here present or elsewhere can go out and plead to the world and ask its acceptance. [Applause.]

We who are opposing this or any other form of sales tax have several times been admonished to pause and consider what we are doing. My reply is that we have carefully considered our course of action. The question we are discussing presents a fundamental difference of viewpoints. We hold no animosity toward wealth as such. We recognize that great wealth may be honestly acquired and properly employed. But we know that the great concentration of wealth in this country has, to a large extent, been the result of governmental favoritism—favoritism of tariffs, financial control, and similar advantages by which, year by year, a smaller and smaller number of our citizens acquire a larger and larger proportion of all the wealth of the country. Added to these economic advantages, the wealthy citizens have not been compelled to bear burdens of taxation which weigh upon them to the extent that taxes weigh upon the ordinary citizen. Our primary purpose in this fight is to raise the revenue from those who are best able to pay. You talk about our proposals being confiscatory upon those of great wealth. Let me reply to that by asking you, What ordinary individual to-day would not be glad to have an income which compelled him to pay the increased surtaxes which we have provided in the higher brackets?

This is a time of stress and the average citizen is not in a position to meet his present burdens, much less to have additional ones imposed upon him. The heavy burden of taxation which we are compelled to impose upon some one should be placed upon those who are best able to carry that burden to-day. That is the essence of the fight we are waging here in this House.

Mr. Speaker, I am remembering that my doctor commanded me to speak ever so quietly and briefly to-day, and so, in the vernacular of my Indians, I say no more. [Laughter and applause.]

#### ONE HUNDREDTH ANNIVERSARY OF THE DEATH OF GOETHE

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to address the House for five minutes on the one hundredth anniversary of the death of Goethe.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLOOM. Mr. Speaker, to-day marks the one hundredth anniversary of the death of Johann Wolfgang von Goethe. It is only fitting, at a time when the entire world is participating in a bicentennial celebration honoring our George Washington, that we recognize this great date.

It is fitting and appropriate, for a number of reasons, that we pause in our thought of George Washington to turn our attention to the great German poet, philosopher, dramatist, novelist, and scientist.

Far apart as the two men were in the fields assigned them by the great Creator, the two were alike in many respects.

They were alike, first of all, in being among the very few supreme minds that humanity has produced.

No statesman was greater than Washington. No poet, not even Homer or Shakespeare, was greater than Goethe.

The great German did his work for human advancement in the peace of his study, while the great American wrought the good that he did on the field of battle or in political councils. But in essentials the two men thought alike.

One of Goethe's first dramas concerned itself with the celebrated of a great sixteenth-century champion of liberty. And in the last great work of his life, the completion of *Faust*, he raised the hero of that immortal work to the plane that Washington occupied throughout his life—the plane of simple wisdom and disinterested service to one's fellow men.

A survey of Goethe's contributions to human thought, an estimate of what he did for the lifting up of the human heart, is the task of scholars and critics. But the person of even limited reading knows something of Goethe's place among the immortals.

So much of human life is gathered up in his varied works—he explored so many human problems, he lighted up so many deep recesses in the human heart—that it is little wonder that critics assign him the honor of having given shape to an entire era of human culture.

Goethe is Germany's pride, as Washington is ours. And the nation which sent to Washington's aid the military genius of Von Steuben and De Kalb, and the loyalty of thousands of German-Americans in Washington's ragged army, deserves the compliment of America's tribute to its chief adornment.

Though Washington and Goethe never met, their purposes ran parallel, their efforts were alike for human good, and the two were one in their counsels of good will.

Could we honor them in any more fitting way than by putting into our everyday relations that same good will, not only among ourselves but with all other nations?

Is it not possible for surface differences between peoples to sleep, as the bodies of these two great men sleep, while the spirit of concord they voiced lives on?

I suggest that in the name of George Washington, whose last public words expressed that spirit, we Americans extend to the German people a fitting return for the honors they have tendered the memory of George Washington in this bicentennial year. [Applause.]

On March 6, under the patronage of President von Hindenburg, the German Reichstag held a celebration in honor of the George Washington Bicentennial, at which time the walls of that chamber rang with the strains of the Star-Spangled Banner.

To-day let us pause and think of their great hero—their gift to civilization—Johann Wolfgang von Goethe. [Applause.]

#### THE REVENUE BILL OF 1932

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill, and, pending that, I ask leave to make a short statement.

The SPEAKER. Is there objection.

There was no objection.

Mr. CRISP. My colleagues, I sense the temper of the House as well as any other Member. I repeat that I have said or done nothing to alienate the personal feelings of any Member of this House, and neither have I criticized any Member of this House. I am performing my duty as I see it, and you are doing likewise.

I do believe, my colleagues, it is to the interest of the country that this matter be speedily disposed of. I am confident that every Member of this House knows how he is going to vote and that prolonged acrimonious debate will not change a vote. I am anxious to do what I can to expedite the consideration of this bill, and I say to you that which you all know, that the House has a perfect right to do what it pleases with the bill. I am confident that the



sooner the real controversial issue in the bill is disposed of the better it will be for the country and for the House.

Yesterday I talked with several friends, who are active in opposition to the manufacturers' tax, to see if we could come to some understanding whereby we might go at once to the manufacturers' tax title and dispose of it. No understanding was reached.

Acting in accordance with the Ways and Means Committee direction, I introduced a rule yesterday simply to provide that when the House again considered this bill we should take up the manufacturers' title under the general rules of the House.

Some of my friends who favored the bill as written, and some who are opposed to it, were opposed to any rule and thought it might add to the difficulties of the situation. Surely I am one of the last men in this House to do anything that might add anything to the difficulties in the speedy consideration of the bill.

This morning the gentleman from North Carolina [Mr. DOUGHTON], the gentleman from Mississippi [Mr. RANKIN], and the gentleman from New York [Mr. LaGUARDIA] did me the honor to come to my office to see if there was not some way by which we could reach an agreement to expedite the consideration of the bill.

We talked the matter over. I advised them that, of course, I could not come to any agreement with them, that I would have to confer with the Ways and Means Committee, with the Speaker, with the gentleman from Illinois [Mr. RAINEY], and the gentleman from New York [Mr. SNELL].

When the Ways and Means Committee met at 10.30 this morning, I presented the matter to them, but prior to that I had a conversation with the Speaker and the gentleman from New York [Mr. SNELL].

Now, the proposed suggestion by the three gentlemen I have named, Mr. DOUGHTON, Mr. RANKIN, and Mr. LaGUARDIA, was this: That I should ask unanimous consent that when the bill was taken up in the Committee of the Whole House on the state of the Union, we should proceed at once to the consideration of Title II, which is the inheritance estate tax title. It was suggested that we might have two hours' debate on that, to be under the 5-minute rule, and when the two hours were up not to preclude the offering of any further amendments that anybody desired to offer. You know that under the rules of the House you can move to close debate after the five minutes on each side is up.

The suggestion was that after the vote on the inheritance estate tax title we go immediately to Title IV, the manufacturers' sales tax title; that we would have two hours' debate, and that Members were to have the right to offer preferential perfecting amendments to the first section of the bill, and then it would be in order for anyone to move to strike out the entire title.

Mr. RANKIN. Will the gentleman yield?

Mr. CRISP. I will.

Mr. RANKIN. My understanding of the agreement was that we were to take up the inheritance-tax provision under the general rules of the House. Then, when that is disposed of, that we take up the sales-tax provision under the general rules of the House, just as we would if we were to come to it in the course of reading the bill, as we are now doing. I did not understand that we were to agree that anybody should have any undue right to offer any perfecting amendments.

Mr. CRISP. I do not think that is necessary under the gentleman's statement, and I agree that the matter was to be considered under the rules of the House, although I think it was understood that we were to limit the debate to two hours. The gentleman from North Carolina [Mr. DOUGHTON] said that he was willing to have two hours of debate, the gentleman from New York [Mr. LaGUARDIA] said that he was willing, but the gentleman from Mississippi [Mr. RANKIN] said that he was not willing to make any limitation but suggested that we let the House make the limitation.

Mr. RANKIN. I was not then referring to the time.

Mr. CRISP. I am going to answer the other, but I wanted to clarify that. I think the gentleman from North Carolina and the gentleman from New York will verify that statement.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. O'CONNOR. Will the gentleman tell the House from which side this suggestion comes? Who suggested the irregular order of jumping from one place in the bill to another?

Mr. CRISP. I might say both sides made the suggestion. I made the suggestion in the interest of expediting it, to do it by bringing in a rule to make the manufacturers' tax title first in order. Then this morning the suggestion was made from the other side that this unanimous-consent agreement be had, so I think I truthfully say that both sides suggested it in the interest of expediting the determination of the bill.

Mr. O'CONNOR. Is expedition the only motive that prompts this unusual arrangement? Is there any other reason the gentleman can ascribe?

Mr. CRISP. I think the foremost reason of all is that it is in the interest of our country to get this matter speedily decided. [Applause.]

Mr. O'CONNOR. Does the gentleman mean by that that the only thing now that is in sight is the matter of expedition, which might carry the suggestion that any possibility of agreement between the contending factions is gone?

Mr. CRISP. No. This agreement, if the House enters into it, does not affect the right of any Member of the House. Each Member would have a perfect right to offer germane amendments to any part of the bill, and the proposal is not to change the rules of the committee as to the consideration of bills under the 5-minute rule in the slightest degree. This agreement, if made, does not change in any way the orderly procedure of these two subject matters as to how they would be considered under the rules of the House. The estate tax, Title II, is in the bill ahead of Title IV, the manufacturers' tax, and if we just continue to read the bill as we were doing the estate tax would be reached first.

Mr. O'CONNOR. I do not think the gentleman caught the purport of my question.

Mr. CRISP. Let me finish this statement and then I shall yield further. Here is the advantage in this proposition as I see it: We left off reading the bill the other day on page 36. There are about 158 pages between that point in the bill and the point where we reach the estate tax. Those 153 pages are devoted to mostly noncontroverted administrative changes. They are matters that ordinarily would be read through rapidly. Unless some understanding or agreement is made in respect to reaching these controverted items it is within the power of the Members on both sides of the House to offer amendments to all of those 153 pages and delay, and it might be two or three days or a week before we would reach Title II. That is the whole proposition.

Mr. O'CONNOR. What I am trying to obtain from the gentleman for my own information is this: First, is there any possibility of an agreement between the contending factions?

Mr. CRISP. None whatever.

Mr. O'CONNOR. Has the gentleman from Georgia or his committee made any effort to compose the differences?

Mr. CRISP. Members of the Committee on Ways and Means in the performance of their public duty, as they see it, brought in a bill for the House to consider. It became almost immediately apparent that there were many Members of the House who were opposed to it, bitterly opposed to it, and there is no way in the world to compromise those differences. The only thing is to have it go to the House and let the House vote, and the House vote will be decisive of the matter. We have proposed amendments to meet certain exemptions. The members of the committee did not care to bring in a manufacturers' sales tax. They did it because they believed it to be the best method to meet the emergency. Naturally, the members of that committee when they first brought in the bill exempted all farm products, certain food products, and many other articles which I shall not



now enumerate. The committee has proposed a number of other amendments which we think, from the viewpoint of those opposed to the bill, should certainly make it less objectionable to them, and the committee believes that, with those amendments adopted, \$468,000,000 would still be raised by the manufacturers' sales tax.

Mr. PURNELL. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. PURNELL. In case the gentleman's unanimous consent is refused, does the gentleman intend to pursue his request for a rule or to continue the reading of the bill under the 5-minute rule as usual?

Mr. CRISP. If this request is not granted, personally I would prefer to go on with the reading of the bill.

Mr. CANNON. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. CANNON. The gentleman has just said that under this unanimous-consent agreement the bill would be read under the rules of the House. Then the gentleman said further that he desired to offer an amendment proposing additional exemptions. If the bill is read under the rules of the House, that means it will be read by paragraphs, does it not?

Mr. CRISP. That is the question which the gentleman from Mississippi [Mr. RANKIN] propounded to me a moment ago and I intended to answer it, but the gentleman asked me other questions and I could not answer it. Yes. The bill, under the rules of the House, is read by paragraphs. I apprehend, if this agreement is made, some gentleman opposed to the manufacturers' sales tax—I would not make it because I am for it—but I suppose some Member would perhaps move to strike out the first paragraph. Then I would offer a perfecting amendment to that first paragraph, with certain exemptions, and under the rules of the House, and under the rules of all parliamentary bodies I know of, where there is a motion made to strike out matter, a preferential motion to perfect the text is made before the vote on striking out is taken.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. LaGUARDIA. Assuming, of course, that the amendment is germane?

Mr. CRISP. Certainly.

Mr. BLANTON. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. BLANTON. Mr. Speaker, has not the Chairman of the Committee of the Whole House on the state of the Union, the gentleman from Alabama, Mr. BANKHEAD, already ruled that this bill is to be read by sections?

Mr. CRISP. No, no.

Mr. BLANTON. Well, what I want to ask the gentleman is this: What the gentleman from Georgia sought to do by his rule was to jump from page 36 in the bill over to section 4—the sales-tax section. The only thing that the other side demanded was that we first take up section 2. Is that not true?

Mr. CRISP. No. They proposed to jump from page 36 to about page 189.

Mr. BLANTON. Did they not insist that we take up section 2, which embraces the estate tax, first?

Mr. CRISP. Yes. And that is what I am asking to do. I am in no wise attempting to change.

Mr. BLACK. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. BLACK. Assuming that the committee's preferential amendment is voted down, and assuming a motion to strike the first paragraph is carried, will the Committee of the Whole House on the state of the Union be in any position then to consider substitutes?

Mr. CRISP. The Committee of the Whole House on the state of the Union would be in that position, yes; and I will say to the gentleman from New York that this is what I would hope would happen: Should the House strike out the manufacturers' sales tax title we would lose from the bill \$460,000,000 if all of our amendments making exception were adopted. From our viewpoint, counting the \$30,000,000 in-

crease from the two amendments that have been adopted as to the income-tax rate, the bill would still be short \$460,000,000. I would call the Ways and Means Committee and ask them to recommend to you certain amendments to fill in that gap. Then any other Member of the House, of course, could offer any amendment he pleased; and, if we should make a second recommendation and the House should disapprove it, I personally would see no necessity for the bill being referred again to the Ways and Means Committee; but what I would like to see would be for the House to adopt such amendments as they see fit and pass what remains of the bill and let it go to the Senate where the Senate could offer amendments, and if the Senate amended it, then it could come back to the House for consideration of the amendments put on in the Senate.

Mr. BLACK. Will the gentleman yield further?

Mr. CRISP. I yield.

Mr. BLACK. Would the amendment be an amendment to Title IV, that the matter concerning the sales tax be stricken out? Would there be just plain Title IV before the House, to which we could offer amendments?

Mr. CRISP. I would say to the gentleman from New York that they would not move to just strike out "Title IV." They would move to strike out the first paragraph, with notice that if that prevailed they would move to strike out each succeeding paragraph as it was reached, and then I think what I said a while ago would be true, that under the rules of the House, when another section was read and an amendment made to strike it out, a perfecting amendment would be preferential to be voted on before we vote to strike it out. This is the theory, and it is common sense, that the friends of a paragraph of legislation should be given an opportunity to perfect it before a vote is had on rejecting it entirely. It might be amended in such way that the House would not want to reject it entirely.

Mr. LOZIER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. LOZIER. In harmony with the suggestion made by the gentleman from Georgia, it seems to me that this unanimous-consent request should be granted for the reason that this bill is largely built around the sales tax and the estate tax, and the action of the Committee of the Whole House on the state of the Union on those two provisions will tremendously influence what shall be done with the other provisions of the bill. So it seems to me the part of prudence to go first to the principal controversial question and get it out of the way. Then we will know what changes, if any, to make in the other schedules.

Mr. BURTNES. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. BURTNES. I would like to have the attention of the chairman on a practical question. I note that the first section under Title IV is, of course, section 601, while the exemptions are provided for under section 602. I think there are quite a number of Members of the House whose vote upon the question of straightening out the manufacturers' sales tax may, in large part, depend upon what is done with the exemption section. Do I understand the gentleman correctly when I understand that the entire title, not only the first section but the entire title, would be perfected before the vote was put to strike out the entire title?

Mr. CRISP. No, sir. But I will say to the gentleman that I am going to offer an amendment to the first section which will cover what the gentleman is talking about.

Mr. Speaker, I ask unanimous consent that when the Committee of the Whole House on the state of the Union resumes consideration of the tax bill, Title II, the inheritance or estate tax, be first considered; that immediately upon the conclusion of the consideration of that title the committee begin the consideration of Title IV, the manufacturers' tax title, and that under the 5-minute rule on each of those titles there be two hours' debate.

The SPEAKER. Is there objection?

Mr. ABERNETHY. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Georgia a



question. I have just come back from home, and I understand there has been considerable confusion among the craft. I am wondering if during that two hours' debate the gentleman will be liberal in the disposition of time and will not allow all of the time to be taken up by members of the committee.

Mr. CRISP. The gentleman says he has not been here. There were 7 days of general debate on this bill and 2 days under the 5-minute rule. There never has been such generous debate on any bill.

Mr. ABERNETHY. Still further reserving the right to object, I will say to the gentleman that I have been engaged in Red Cross work trying to relieve some suffering fishermen, and when I came back here I understood there was a mob, and I am just wondering if this consent is granted—and I always like to give consent to the gentleman from Georgia—whether there will be an opportunity given to Members to address the committee during that two hours' debate. For instance, I might want to say a word.

Mr. CRISP. Mr. Speaker, may I change the request?

The SPEAKER. The gentleman will state it.

Mr. CRISP. I ask unanimous consent that when the committee resumes consideration of this bill it proceed at once to the consideration of Title II, the estate title, under the rules of the House, and immediately upon that being concluded it begin consideration of Title IV, the manufacturers' tax title, under the rules of the House.

The SPEAKER. The gentleman from Georgia asks unanimous consent that when the Committee of the Whole House on the state of the Union resumes the consideration of the bill H. R. 10236, it immediately begin the consideration of Title II and consider it under the rules governing the committee to its conclusion, and upon the conclusion of the consideration of Title II, it begin the consideration of Title IV under the rules of the committee. Is there objection?

Mr. CONNERY. Mr. Speaker, reserving the right to object—

Mr. BLANTON. Mr. Speaker, I ask for the regular order.

The SPEAKER. The regular order is, Is there objection? There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Georgia that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

Mr. GREEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GREEN. I would like to know if it will be in order when the committee amendments are offered to section 4 to offer amendments to the committee amendments.

The CHAIRMAN. Of course, because we are considering the bill under the general rules of the House. Under the unanimous-consent agreement the Clerk will read Title II of the bill.

The Clerk read as follows:

TITLE II—ADDITIONAL ESTATE TAX  
SEC. 401. IMPOSITION OF TAX

In addition to the estate tax imposed by section 301 (a) of the revenue act of 1926, an additional tax equal to such tax is hereby imposed upon the transfer of the net estate (determined as provided in Title III of the revenue act of 1926, as amended) of every decedent dying after the enactment of this act, whether a resident or nonresident of the United States.

Mr. LEWIS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Maryland offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Lewis: Page 189, strike out lines 8 to 14, both inclusive, and in lieu thereof insert the following:

"(a) In addition to the estate tax imposed by section 301 (a) of the revenue act of 1926, there is hereby imposed upon the transfer of the net estate of every decedent dying after the enactment of this act, whether a resident or nonresident of the United States, an additional tax equal to the excess of—

"(1) The amount of a tentative tax computed under subsection (b) of this section over

"(2) The amount of the tax imposed by section 301 (a) of the revenue act of 1926, computed without regard to the provisions of this title.

"(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the value of the net estate:

"Upon net estates not in excess of \$12,500, 1 per cent.

"\$125 upon net estates of \$12,500; and upon net estates in excess of \$12,500 and not in excess of \$25,000, 2 per cent in addition of such excess.

"\$375 upon net estates of \$25,000; and upon net estates in excess of \$25,000 and not in excess of \$37,500, 3 per cent in addition of such excess.

"\$750 upon net estates of \$37,500; and upon net estates in excess of \$37,500 and not in excess of \$50,000, 4 per cent in addition of such excess.

"\$1,250 upon net estates of \$50,000; and upon net estates in excess of \$50,000 and not in excess of \$62,500, 5 per cent in addition of such excess.

"\$1,875 upon net estates of \$62,500; and upon net estates in excess of \$62,500 and not in excess of \$75,000, 6 per cent in addition of such excess.

"\$2,265 upon net estates of \$75,000; and upon net estates in excess of \$75,000 and not in excess of \$87,500, 7 per cent in addition of such excess.

"\$3,500 upon net estates of \$87,500; and upon net estates in excess of \$87,500 and not in excess of \$100,000, 8 per cent in addition of such excess.

"\$4,500 upon net estates of \$100,000; and upon net estates in excess of \$100,000 and not in excess of \$112,500, 9 per cent in addition of such excess.

"\$5,625 upon net estates of \$112,500; and upon net estates in excess of \$112,500 and not in excess of \$125,000, 10 per cent in addition of such excess.

"\$6,875 upon net estates of \$125,000; and upon net estates in excess of \$125,000 and not in excess of \$137,500, 11 per cent in addition of such excess.

"\$8,250 upon net estates of \$137,500; and upon net estates in excess of \$137,500 and not in excess of \$150,000, 12 per cent in addition of such excess.

"\$9,750 upon net estates of \$150,000; and upon net estates in excess of \$150,000 and not in excess of \$162,500, 13 per cent in addition of such excess.

"\$11,375 upon net estates of \$162,500; and upon net estates in excess of \$162,500 and not in excess of \$175,000, 14 per cent in addition of such excess.

"\$13,125 upon net estates of \$175,000; and upon net estates in excess of \$175,000 and not in excess of \$187,500, 15 per cent in addition of such excess.

"\$15,000 upon net estates of \$187,500; and upon net estates in excess of \$187,500 and not in excess of \$200,000, 16 per cent in addition of such excess.

"\$17,000 upon net estates of \$200,000; and upon net estates in excess of \$200,000 and not in excess of \$212,500, 17 per cent in addition of such excess.

"\$19,125 upon net estates of \$212,500; and upon net estates in excess of \$212,500 and not in excess of \$225,000, 18 per cent in addition of such excess.

"\$21,375 upon net estates of \$225,000; and upon net estates in excess of \$225,000 and not in excess of \$237,500, 19 per cent in addition of such excess.

"\$23,750 upon net estates of \$237,500; and upon net estates in excess of \$237,500 and not in excess of \$250,000, 20 per cent in addition of such excess.

"\$26,500 upon net estates of \$250,000; and upon net estates in excess of \$250,000 and not in excess of \$262,500, 21 per cent in addition of such excess.

"\$28,875 upon net estates of \$262,500; and upon net estates in excess of \$262,500 and not in excess of \$275,000, 22 per cent in addition of such excess.

"\$31,625 upon net estates of \$275,000; and upon net estates in excess of \$275,000 and not in excess of \$287,500, 23 per cent in addition of such excess.

"\$34,500 upon net estates of \$287,500; and upon net estates in excess of \$287,500 and not in excess of \$300,000, 24 per cent in addition of such excess.

"\$37,500 upon net estates of \$300,000; and upon net estates in excess of \$300,000 and not in excess of \$312,500, 25 per cent in addition of such excess.

"\$40,625 upon net estates of \$312,500; and upon net estate in excess of \$312,500 and not in excess of \$325,000, 26 per cent in addition of such excess.

"\$43,875 upon net estates of \$325,000; and upon net estate in excess of \$325,000 and not in excess of \$337,500, 27 per cent in addition of such excess.

"\$47,250 upon net estates of \$337,500; and upon net estates in excess of \$337,500 and not in excess of \$350,000, 28 per cent in addition of such excess.

"\$50,750 upon net estates of \$350,000; and upon net estates in excess of \$350,000 and not in excess of \$362,500, 29 per cent in addition of such excess.



"\$54,375 upon net estates of \$362,000; and upon net estates in excess of \$362,500 and not in excess of \$375,000, 30 per cent in addition of such excess.

"\$58,125 upon net estates of \$375,000; and upon net estates in excess of \$375,000 and not in excess of \$387,500, 31 per cent in addition of such excess.

"\$62,000 upon net estates of \$387,500; and upon net estates in excess of \$387,500 and not in excess of \$400,000, 32 per cent in addition of such excess.

"\$66,000 upon net estates of \$400,000; and upon net estates in excess of \$400,000 and not in excess of \$412,500, 33 per cent in addition of such excess.

"\$70,125 upon net estates of \$412,500; and upon net estates in excess of \$412,500 and not in excess of \$425,000, 34 per cent in addition of such excess.

"\$74,375 upon net estates of \$425,000; and upon net estates in excess of \$425,000 and not in excess of \$437,500, 35 per cent in addition of such excess.

"\$78,500 upon net estates of \$437,500; and upon net estates in excess of \$437,500 and not in excess of \$450,000, 36 per cent in addition of such excess.

"\$83,250 upon net estates of \$450,000; and upon net estates in excess of \$450,000 and not in excess of \$462,500, 37 per cent in addition of such excess.

"\$87,875 upon net estates of \$462,500; and upon net estates in excess of \$462,500 and not in excess of \$475,000, 38 per cent.

"\$92,625 upon net estates of \$475,000; and upon net estates in excess of \$475,000 and not in excess of \$500,000, 39 per cent in addition of such excess.

"\$102,375 upon net estates of \$500,000; and upon net estates in excess of \$500,000, 40 per cent in addition of such excess.

"(c) For the purposes of this section the value of the net estate shall be determined as provided in Title III of the revenue act of 1926, as amended, except that in lieu of the exemption of \$100,000 provided in section 303 (a) (4) of such act, the exemption shall be \$50,000."

The CHAIRMAN. It is the desire of the Chair to divide equally the time for debate on this amendment between those for and against the proposed amendment, and the Chair will undertake, so far as possible, to carry out that program.

The gentleman from Maryland is recognized for five minutes.

Mr. LEWIS. Mr. Chairman, I shall make only a factual and not an argumentative statement with respect to the above amendment.

In making my statement last Thursday I explained that if the rates applicable to individual incomes under the bill were applied to inheritances, a revenue equal to \$714,000,000, greater than that realized in the proposed bill, would be reached. This statement was based on two principal factors, namely: A 40 per cent maximum rate, and that rate applied at \$100,000 of income, as in the case of individual incomes.

The above amendment, however, which has just been read is not designed to raise \$714,000,000 but about \$481,000,000 in addition to the revenues arising under the present law; and the difference in these yields is accounted for by the difference in the income and estate rates and in the points of application of the maximum rates.

I will here insert a comparison by percentage of the present rates on net estates and individual incomes under the bill; also the estate rates proposed in the amendment as offered by me.

Present and proposed rates

Net income before exemption—individual or estate	Per cent of tax on estates under act 1926	Per cent of tax on individual incomes under bill	Per cent of tax on estates under Lewis amendment
\$2,000	None.		None.
\$3,000	None.	0.083	None.
\$4,000	None.	.50	None.
\$5,000	None.	.75	None.
\$6,000	None.	.91	None.
\$7,000	None.	1.17	None.
\$8,000	None.	1.50	None.
\$9,000	None.	1.83	None.
\$10,000	None.	2.10	None.
\$12,000	None.	2.83	None.
\$14,000	None.	3.57	None.
\$16,000	None.	4.37	None.
\$18,000	None.	5.11	None.
\$20,000	None.	5.80	None.
\$22,000	None.	6.45	None.
\$24,000	None.	7.08	None.
\$26,000	None.	7.69	None.
\$28,000	None.	8.28	None.

Present and proposed rates—Continued

Net income before exemption—individual or estate	Per cent of tax on estates under act 1926	Per cent of tax on individual incomes under bill	Per cent of tax on estates under Lewis amendment
\$30,000	None.	8.86	None.
\$35,000	None.	10.28	None.
\$40,000	None.	11.65	None.
\$45,000	None.	13.00	None.
\$50,000	None.	14.32	None.
\$60,000	None.	16.93	None.
\$62,500	None.	17.58	0.20
\$75,000	None.	20.80	.50
\$87,500	None.	23.89	.85
\$100,000	None.	26.56	1.25
\$112,000	0.11	28.75	1.66
\$125,000	.20	30.64	1.81
\$137,500	.27	32.13	2.54
\$150,000	.33	33.73	3.00
\$162,500	.46	34.42	3.46
\$175,000	.57	35.32	3.92
\$187,500	.66	36.09	4.40
\$200,000	.75	36.78	4.87
\$212,500	.83	37.38	5.35
\$225,000	1.00	37.91	5.83
\$237,500	1.11	38.39	6.31
\$250,000	1.20	38.82	6.80
\$262,500	1.28	39.21	7.28
\$275,000	1.36	39.56	7.77
\$287,500	1.43	39.89	8.26
\$300,000	1.50	40.18	8.75
\$312,500	1.60	40.45	9.24
\$325,000	1.69	40.71	9.75
\$337,500	1.77	40.94	10.22
\$350,000	1.85	41.16	10.71
\$362,500	1.93	41.36	11.20
\$375,000	2.00	41.54	11.70
\$387,500	2.06	41.72	12.19
\$400,000	2.12	41.89	12.68
\$412,500	2.18	42.04	13.18
\$425,000	2.23	42.19	13.67
\$437,500	2.28	42.32	14.17
\$450,000	2.33	42.45	14.66
\$462,500	2.37	42.58	15.16
\$475,000	2.42	42.69	15.65
\$487,500	2.46	42.80	16.15
\$500,000	2.50	42.91	16.65
\$512,000	2.56	43.00	17.14
\$525,000	2.61	43.10	17.64
\$537,500	2.67	43.19	18.13
\$550,000	2.72	43.28	18.61
\$1,050,000	4.28	45.05	28.79
\$1,550,000	5.45	45.68	32.41
\$2,050,000	6.29	46.00	34.26
\$2,550,000	7.00	46.19	35.38
\$3,050,000	7.63	46.32	36.14
\$3,550,000	8.23	46.42	36.68
\$4,050,000	8.81	46.49	37.09
\$4,550,000	9.37	46.55	37.41
\$5,050,000	9.83	46.59	37.67
\$5,550,000	10.28	46.63	37.88
\$6,050,000	10.67	46.66	38.05
\$6,550,000	11.07	46.68	38.20
\$7,050,000	11.42	46.71	38.33
\$7,550,000	11.79	46.72	38.44
\$8,050,000	12.11	46.74	38.53
\$8,550,000	12.45	46.76	38.62
\$9,050,000	12.75	46.77	38.70
\$9,550,000	13.07	46.78	38.76
\$10,050,000	13.37	46.79	38.82
\$10,550,000	13.68	46.80	38.88

Ladies and gentlemen of the committee, the above table shows discriminations in taxation probably not paralleled in the history of taxation. It was perhaps not designed and represents only the neglect of the legislative mind. I have heard no justification offered for it. The difference between the dead man's relation to the estate—"It is my capital"—and the living beneficiary's relation to it as acquisition or unearned income need not confuse us. From the point of view of a mind in the coffin, say, the earthbound spirit of the departed, it was his capital. From the point of view of the living recipients it is their income when received just as is the reward of the inventor who awakes from the dreams of the night with an invention that he sells for \$100,000. The dead man's relation and point of view are clearly inapplicable. The Government owes him no duties, and he owes no duties to the Government; both have ceased to exist. New relations and new duties have taken their place. The relations of the living beneficiaries to the values coming to them—initially income for them—and the duties of Government toward them and their duties to it. There can be no property dynasties in contemplation of American law. To project the decedent's relation—"his capital"—beyond his grave and mummify it for the recipients who take the property through the instrumentality of Government is only a



method of erecting dynasties of wealth as belong to the feudal system.

Mr. Chairman, this amendment I have offered provides an exemption of \$50,000. The exemption carried in the law and in the bill is \$100,000. Formerly the exemption was \$50,000, I am told.

The point of application of the 40 per cent or maximum rate in the amendment just read to you is upon a net taxable estate of \$500,000—not \$100,000—after the allowance of an exemption of \$50,000. This distinction in the application of the maximum rates at \$500,000 rather than at \$100,000, as in income taxes, reduces the yield about \$232,000,000.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. JOHNSON of Washington. Does this plan that is outlined provide for a drawback if the estate taxes are assessed by a State or by a Commonwealth?

Mr. LEWIS. The bill is unchanged in that respect. The States would continue to get what they are getting under the current law.

Mr. JOHNSON of Washington. But this is a heavier tax than any heretofore proposed?

Mr. LEWIS. Yes.

Mr. Chairman, reading these rates means nothing until you put them into application, for they are cumulative; that is, 40 rates must be applied to ascertain the real rate; and so I shall ask your attention for just a moment while I give you some examples of these cumulative rates in application to the net estate left by a decedent.

On a net estate of \$100,000 left by a decedent these rates would amount to  $1\frac{1}{4}$  per cent only, a rate less than that usually levied on real estate by the local authorities.

On an estate of \$150,000 net the rate comes to 3 per cent.

On an estate of \$200,000 the rate is about 5 per cent.

On an estate of \$250,000 the rate is about 7 per cent.

On an estate of \$350,000 the rate is about 11 per cent.

On an estate of \$450,000 the rate is about  $14\frac{1}{2}$  per cent.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. LEWIS. Let me finish this, please.

Mr. EATON of Colorado. I just want the gentleman to accentuate whether that is stepped up or not.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Maryland may be extended 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. LEWIS. I have just one more illustration and then I shall answer your question.

On an estate of \$550,000 net the tax comes to 18.1 per cent.

Mr. EATON of Colorado. Is that 18 per cent on the entire \$500,000 or is it stepped up in each one of those places?

Mr. LEWIS. It is stepped up through the incomprehensible forms of rate statement that the draftsman finds necessary in the amendment.

Mr. EATON of Colorado. No; I am referring to what the gentleman is reading now.

Mr. LEWIS. Let me make that plain. If the decedent leaves an estate of \$100,000 net,  $1\frac{1}{4}$  per cent will be paid on it. That is the whole payment, and it will amount to \$1,250.

Mr. JOHNSON of Washington. And how much on an estate of \$500,000?

Mr. LEWIS. Eighteen and one-tenth per cent.

Mr. JOHNSON of Washington. Then what does the 40 per cent proposal that was read mean?

Mr. LEWIS. It means nothing until it is combined with the 39 lower rates. You have to employ 39 other rates beside this 40 per cent. This is an actuarial problem, gentlemen, which can not possibly be worked out on the floor. I think that is the reason why the American people have never had a real inheritance tax. [Applause.]

Mr. LINTHICUM and Mr. FREAR rose.

Mr. LEWIS. I yield first to the gentleman from Maryland.

Mr. LINTHICUM. Does this tax apply to the value of the estate when the man dies or the value at the time of the distribution of the estate?

Mr. LEWIS. The gentleman will please ask Judge Cairp that question.

Mr. FREAR. One of the points that is so continually urged in regard to the money that can be raised relates to the British estate tax. How does this compare with the rates at present with respect to British estates, if the gentleman can tell?

Mr. LEWIS. I would rather not go into that subject at this time; it may be necessary later. Let me say in answer to the question—

Mr. BULWINKLE. If the gentleman will permit, are these taxes in addition to the taxes under the existing law of 1926?

Mr. LEWIS. The rates quoted include the present rates.

Mr. BULWINKLE. How much would that be on an estate of \$500,000 with the taxes proposed by the gentleman's amendment and the taxes under existing law?

Mr. RAGON. I do not think the gentleman from Maryland [Mr. Lewis] understood the gentleman's question. Will the gentleman state that question again?

Mr. BULWINKLE. Are the taxes, proposed under the gentleman's amendment in addition to the taxes imposed now under existing law?

Mr. LEWIS. The amendment rates include the present rates.

Mr. BULWINKLE. Then may I ask what would be the combined tax under the gentleman's amendment and under the 1926 law on an estate of \$500,000?

Mr. LEWIS. I can not apply on my feet the many rates of the current law, to answer you, but I can give you a datum from which you can make your own application.

The yield under the current law is \$127,000,000 on aggregate taxable estates of about two and one-third billions, or about 5 per cent. The amendment yields \$609,000,000, that is, an average of about 20 per cent of \$3,000,000,000 of expected estates. The table I have inserted gives the average effective rates on different sizes of estates.

Mr. COCHRAN of Missouri. Is it not true that this is the only way you can redistribute the wealth of this country?

Mr. LEWIS. Well, I would rather not go into that separate question now. The rates are designed for revenue.

Mr. O'CONNOR. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. O'CONNOR. What we are anxious to know is this. You have been given the figures and have been asked the question whether these figures you have read are in addition to the already existing estate tax.

Mr. LEWIS. That is correct. The rates include the present rates.

Mr. O'CONNOR. Then, will the gentleman tell us what the whole tax will be under his amendment and the present tax?

Mr. LEWIS. It is very difficult for one to solve these actuary questions for particular amounts of estates on his feet.

Mr. JOHNSON of Washington. The State drawback amounts to about 80 per cent. We adopted quite a while ago an amendment which coerced the States into passing an inheritance tax in order to keep up with the Joneses, and it amounts to about 80 per cent.

Mr. MONTAGUE. Will the gentleman yield?

Mr. LEWIS. I yield to the gentleman from Virginia.

Mr. MONTAGUE. I would like to ask a factual question. Say a man leaves a hundred thousand dollars estate, what would he pay under both schemes, the present law and your proposed amendment?

Mr. LEWIS. He pays \$1,250 under my amendment, but under the current law, and under the bill as reported, he would pay nothing.

Mr. KVALE. Will the gentleman yield?

Mr. LEWIS. I yield.



Mr. KVALE. I asked the gentleman to yield simply to make the statement that the figures set forth in the gentleman's amendment make it a simple matter to compute the actual tax for each bracket.

Mr. LEWIS. That is true at his desk.

Mr. BURTNESS. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. BURTNESS. If I understand the gentleman, the maximum rate under the present law, when it is finally stepped up, is 20 per cent. As I understand the gentleman's proposition, after the step-up, the maximum rate, if adopted, will be 60 per cent under the law.

Mr. LEWIS. The maximum rate of 40 per cent would apply at \$500,000, and at \$500,000 would mean only an 18 per cent rate on the whole.

Mr. BURTNESS. If I understood the gentleman's answer to the gentleman from New York, that would be the result.

Mr. LEWIS. Let me say, first, that the tax under the present law is virtually only a tax for the benefit of the States, for 80 per cent goes back to the States. Out of the yield of \$127,000,000 in 1929, \$102,000,000 goes to the States. Now, it is true that, looking at the draftsman's form of the rate under the bill, a 40 per cent maximum seems to be imposed. That maximum is not reached under the present law until a \$10,000,000 estate is encountered; and then amounts only to 13 per cent, whereas the income tax amounts to 46 per cent. You can see for yourselves that when only \$127,000,000 is realized from some two and a half billions of dollars of estates that the present inheritance law, on an average, brings only about a 5 per cent yield on the total taxable estates. On the actual net estates it is much less.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. Yes.

Mr. SNELL. As I understood the gentleman, he stated that the total amount collected at the present time, to say nothing about rebates to the States, is practically \$127,000,000 a year.

Mr. LEWIS. Yes.

Mr. SNELL. How much will be collected under his proposed amendment, to say nothing about the rebates?

Mr. LEWIS. \$609,000,000.

Mr. SNELL. Then the gentleman is increasing it about five times?

Mr. LEWIS. If the gentleman likes ratio discussions, he perhaps would like to hear some other ratios?

Mr. SNELL. I am asking just for information. It is not a question of what my likings are. I want to know definitely what we are doing.

Mr. LEWIS. I prefer not to argue those matters.

Mr. SNELL. I am trying only to get the facts.

Mr. LEWIS. Very well; we will give the gentleman some more facts while we are at it.

Mr. SNELL. I grant that is correct, \$127,000,000, so that if I am correct on the other computation, in addition to \$127,000,000, the amendment will produce \$611,000,000 more.

Mr. LEWIS. The whole yield expected is about \$609,000,000.

Mr. SNELL. Then it will be about five times what it is at the present time.

Mr. LEWIS. Yes; and I may say that in England the inheritance tax at this time is about six times what it is in the United States, including the States.

The CHAIRMAN. The time of the gentleman from Maryland has again expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 10 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. Yes.

Mr. O'CONNOR. Does any part of this \$611,000,000 go back to the States?

Mr. LEWIS. Yes; the same as now.

Mr. O'CONNOR. How does the gentleman expect the States will get their inheritance tax?

Mr. LEWIS. They are already receiving \$102,000,000 a year under the present law, or 80 per cent.

Mr. O'CONNOR. And they will receive none of this \$611,000,000?

Mr. LEWIS. They will receive the same as now.

Mr. VINSON of Kentucky. Referring to the section to which the gentleman offers his amendment, this supertax, the State does not get any portion of it under this bill.

Mr. LEWIS. There is no supertax involved in this amendment.

Mr. VINSON of Kentucky. But under the section which it attempts to supersede.

Mr. LEWIS. Oh, I understand. The committee treatment of this subject is quite the same as my own.

Mr. VINSON of Kentucky. I understood the gentleman to say that it was just \$611,000,000. At the beginning of the debate I understood the gentleman to say that the proposed amendment would yield only \$482,000,000.

Mr. LEWIS. Four hundred and eighty-two million dollars more than the proposal of the committee. The \$127,000,000 under the present law is to be added to this \$482,000,000.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. Yes.

Mr. BRITTEN. I did not understand the gentleman's reply to the question of the gentleman from Missouri [Mr. COCHRAN], in which he said the gentleman's amendment would redistribute the wealth of the country. I thought the gentleman either said yes or that he did not care to argue the question. What was the gentleman's reply?

Mr. LEWIS. I do not recall, but I will answer now. In any measure of taxation, of course, two objectives are likely to be envisaged. The first one, especially in an emergency of the character through which our Treasury is passing, is the revenue objective. That is the only objective I am considering in this amendment. If a social objective were to be taken into account, a much wider and, I must add, a different kind of discussion would be invited. I have confined my effort entirely to the revenue aspect of this matter at this time.

Mr. JOHNSON of Washington. Is not this a problem of such magnitude that what the gentleman called a philosophical or social phase is entitled to be well considered; that is to say, as to whether this proposal will not cause the dissipation of fortunes and destroy the incentive to invest and set back a new country? Those things are entitled to be discussed.

Mr. FREAR. What has been the effect in England? Has it destroyed everything there?

Mr. LEWIS. I leave that question to be answered by the larger wisdom of the membership of this House.

Mr. LANKFORD of Virginia. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. Yes.

Mr. LANKFORD of Virginia. Several times the question has been asked, What will be the total tax, both present and proposed, on an estate of \$500,000?

Mr. LEWIS. I have already stated it would be about 18 per cent.

Mr. CROWTHER. The question that several Members are asking is, What is going to be the amount of the tax on an estate of \$500,000 under the gentleman's proposed amendment and under the present rate?

Mr. LEWIS. Under the present law the rate is 2.5 per cent on the entire net estate.

Mr. BOILEAU. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. BOILEAU. This tax which the gentleman proposes is an addition to the existing law. Is that correct?

Mr. LEWIS. That is true. So is the tax proposed by the committee.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. I yield.

Mr. ALLGOOD. As I understand, the amendment proposed by the gentleman changes the rates from what the gentleman proposed in his first amendment?



Mr. LEWIS. I offered no amendment on Thursday last, but only presented a comparison of the income and estate rates.

Mr. ALLGOOD. So that now only half the revenue will be raised from estates?

Mr. LEWIS. About \$482,000,000 and not \$714,000,000. This amendment will raise something like three-fourths of the revenue that would follow the application of individual income-tax rates to this subject matter.

Mr. ALLGOOD. But the rates on the higher incomes have been reduced by the gentleman's amendment, have they not?

Mr. LEWIS. No.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. I yield.

Mr. STAFFORD. I understand the gentleman's proposal, where the net estate is above \$500,000, is to be 40 per cent, which amount is to be paid exclusively as a superinheritance tax to the National Government. Under the existing law the rate as carried in the 1926 act on estates of \$500,000, allowing \$100,000 exemption, is 4 per cent in that amount between \$200,000 and \$400,000.

Mr. LEWIS. I can not follow your computations on my feet in these circumstances.

Mr. STAFFORD. I was attempting to aid the gentleman in support of his amendment.

Mr. LEWIS. I wish to thank the gentleman and hope he will make a statement to the House. I think his figures are about right.

Mr. FIESINGER. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. FIESINGER. The gentleman has said that this tax will raise \$609,000,000 in the fiscal year 1933. Will it raise any more than that in the fiscal years 1934 and 1935? Will it increase in the coming years?

Mr. LEWIS. It will change only in proportion to the population and the general wealth of the country.

Mr. FIESINGER. Has the gentleman taken into consideration the fact that estates may not be settled up in 1933?

Mr. LEWIS. That circumstance is always involved. It is involved in the present law.

Mr. PARSONS. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. PARSONS. The exemption under the present law is how much?

Mr. LEWIS. One hundred thousand dollars.

Mr. PARSONS. Under the present law it is \$100,000?

Mr. LEWIS. Yes, sir.

Mr. McKEOWN. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. McKEOWN. Does the gentleman contemplate raising the gift-tax rates?

Mr. LEWIS. Yes. When we get to that title the figures will be changed correspondingly.

Mr. BULWINKLE. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. BULWINKLE. The gentleman has been asked the question how much would the total tax be on \$500,000?

Mr. LEWIS. Yes.

Mr. BULWINKLE. It is approximately \$119,750, and on an estate of \$1,000,000 it would be \$349,750, approximately.

Mr. DAVIS. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. DAVIS. With respect to the different inquiries about yields under the present law, I wish to call the attention of the membership to the fact that the gentleman from Maryland [Mr. Lewis] made a speech on Thursday, March 17, in which he inserted those figures in the Record, and they will be found on pages 6342 and 6343 of the Record, in which the gentleman gives the present yield by various different amounts under the present law.

Mr. BOYLAN. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. BOYLAN. Has the gentleman had the Treasury Department officials or experts make any computation as to the yield under the gentleman's proposed amendment?

Mr. LEWIS. Yes; I have. The estimates given you have been made by the staff of the joint committee on internal-revenue taxation at my request. They are not responsible in any sense for the purpose of the amendment or for the rates, but they have made the computations.

Mr. BOYLAN. Will the gentleman please state the amount that they assumed could be collected under this amendment?

Mr. LEWIS. I have stated it. Under this amendment \$609,000,000 is estimated to be collected.

Now, perhaps the most helpful statement I can make in enabling you to weigh the importance of this levy is a statement by national comparison. The British people, as you know, are some 40,000,000 in number. They are paying 80,000,000 pounds in estate taxes, including the taxes that are imposed on the beneficiaries as well. That comes to about \$10 per capita, or a gross of \$400,000,000, taking the pound at \$5. If we take the rate under the amendment, we should get \$609,000,000 as the gross levy in the United States, with a population about three times as great and with wealth per capita supposed to exceed greatly that of the British people.

The CHAIRMAN. The time of the gentleman from Maryland has again expired.

Mr. RAGON. Mr. Chairman, I ask unanimous consent that the gentleman have five additional minutes.

Mr. RAMSEYER. Mr. Chairman, I offer a substitute amendment.

Mr. RAGON. I wanted to ask that the gentleman have five additional minutes, Mr. Chairman. This is a very important matter. I ask unanimous consent that the gentleman from Maryland have five additional minutes.

Mr. LEWIS. Mr. Chairman, I am not asking for it. I would rather have an opportunity later in the discussion to meet questions asked.

Mr. ABERNETHY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ABERNETHY. I understand that under the rules of the House under which we are operating there are something like 30 Members of the Ways and Means Committee, and those who are not members of that committee will not be permitted to express themselves.

The CHAIRMAN. The gentleman will please state his parliamentary inquiry.

Mr. ABERNETHY. I am just asking if that is not the rule?

The CHAIRMAN. The House is proceeding under the general rules of the House.

Mr. ABERNETHY. I thank the Chair very much for the information.

Mr. LEWIS. Mr. Chairman, taking advantage of the leave to extend my remarks, I wish to present some data which may aid us in reaching conclusions on this subject. The wealth of the United States, as estimated by the National Industrial Conference Board, during the past decade has been as follows:

Census:	
1920	\$483,783,000,000
1921	311,730,000,000
1922	314,719,000,000
1925	355,678,000,000
1929	355,029,000,000
1930	322,735,000,000

It is the view of public financiers that on the average there is a total turnover of such wealth by death each 30 years, which means that each year there is a turnover of 3.33 per cent. On this basis, and taking the year of 1930, the property passing in 1930 was \$10,733,000,000, while the total taxes collected from this source by both the Government and the States amounted to less than \$245,563,241, or less than 2 1/3 per cent on the national turnover.

Official data on the subject are confined to some 3,798 returns made to the Treasury and reported in Statistics of Income of 1929 at page 46. These account for a gross estate turnover of \$4,108,517,490, or 38 1/3 per cent of the national turnover. From this gross total deductions of about \$1,800,000,000 were made, leaving \$2,376,972,608 subject to taxation, about 58 per cent of the reported and but 22 per cent of the



national turnover. The following are the deductions as reported by the Treasury for the year 1930:

Total gross estate	\$4,108,517,490
Nature of deduction:	
Insurance exemption	54,203,863
Funeral and administrative expenses	166,133,745
Debts, unpaid mortgages, etc.	385,591,176
Property from an estate taxed within 5 years; value at the date of previous decedent's death	94,101,251
Charitable, public, and similar bequests	223,489,533
Specific exemption	876,050,000
Total deductions	1,799,569,568
Net taxable estate	2,376,972,608
Total tax	152,391,240
Tax credit for estate, inheritance, legacy, or succession taxes actually paid to any of the several States, Territories, or District of Columbia <sup>1</sup>	113,388,179
Net tax after deducting tax credit	39,003,061

The whole national turnover is taxed in Great Britain and was £466,466,978 in 1926-27, or \$2,332,334,890 in our money, and about the same gross as here with three times the population. The British figure has since advanced to \$2,900,000,000. From its gross-estate turnover, less than one-third ours, the British collected about \$400,000,000, or about 14 per cent as compared with 2 1/3 per cent here. My amendment contemplates collecting about \$600,000,000, which, considering the gross turnover in the United States, comes to less than one-half the percentage of levy prevailing in the United Kingdom.

#### FORM OF RATE MISLEADING

Mr. Chairman, the form of the rate employed by the expert draftsmen of the bill and amendments and carried into the discussion defeats an intelligent understanding of the rates proposed. Some of the rate is stated in percentages and some of it in the terms of the gross tax payable. Thus, with regard to estates of \$500,000, we have:

Ninety-two thousand six hundred and twenty-five dollars upon net estates of \$475,000, and upon net estates in excess of \$475,000 and not in excess of \$500,000, 39 per cent in addition of such excess.

One hundred and two thousand three hundred and seventy-five dollars upon net estates of \$500,000, and upon net estates in excess of \$500,000, 40 per cent in addition of such excess.

Nearly 40 of these paragraphs are employed to express the estate tax on an estate of \$10,500,000 under the law or of \$500,000 under the amendment.

It is only too apparent that reading one of these tax paragraphs does not bring to the mind a correct conception of the amount of the rate. Instead a misleading impression is gotten from the partial percentage employed. You would conclude that estates of \$500,000 paid 39 per cent. The actual rate is 18.1 per cent. Meanwhile the gross figure also employed fails to express a percentage at all, and the incongruities of terms and figures leaves one mystified and sends him looking for the specialist who wrote the paragraph as the only person who can surely interpret it aright. The result is that discussion in the House of these rates as found in the bill and the amendments becomes impossible.

#### CLARIFICATION OF RATE STATEMENT

Mr. Chairman, I am proposing a clarification of this rate schedule so that it will be intelligible. I employ percentages only and propose that the following rate percentages take the place of the rate paragraphs as passed by the House:

[CONGRESSIONAL RECORD, pp. 6661-6662 and 6669-6670]

Schedule, Part I, upon net taxable estates of—

	Per cent
\$25,000 (or less)	1
\$50,000	2
\$75,000	3
\$100,000	4
\$125,000	5
\$150,000	6
\$175,000	7

<sup>1</sup> Limited to 25 per cent of the total tax after the effective date of the revenue act of 1924 (June 2, 1924), and prior to effective date of revenue act of 1926 (Feb. 26, 1926), and to 80 per cent of the total tax after the effective date of the revenue act of 1926.

	Per cent
\$225,000	9
\$250,000	10
\$275,000	11
\$300,000	12
\$325,000	13
\$350,000	14
\$375,000	15
\$400,000	16
\$425,000	17
\$450,000	18
\$475,000	19
\$500,000	20

And on net estates intermediate in amount between the amounts set forth above the tax shall be the percentages given for the amount next below plus one twenty-fifth of 1 per cent for each \$1,000 (or major part of \$1,000) by which the estate exceeds such amount below it in Part I of the schedule.

Schedule Part II upon net taxable estates of—

	Per cent
\$600,000	21
\$700,000	22
\$800,000	23
\$900,000	24
\$1,000,000	25
\$1,100,000	26
\$1,200,000	27
\$1,300,000	28
\$1,400,000	29
\$1,500,000	30
\$1,600,000	31
\$1,700,000	32
\$1,800,000	33
\$1,900,000	34
\$2,000,000	35
\$2,100,000	36
\$2,200,000	37
\$2,300,000	38
\$2,400,000	39
\$2,500,000 and over	40

And on net estates intermediate in amount between the amounts set forth above the tax shall be the percentage given for the amount next below, plus one one-hundredth of 1 per cent for each \$1,000 (or major part of \$1,000) by which the estate exceeds such amount below it in Part II of the schedule.

Mr. Chairman, these are the final rates themselves, as applied to the estates of the amounts enumerated and require no interpretation. If the estate be of some amount not stated, say, of \$110,000, falling in part I of the schedule, the rate will be 4 per cent, plus ten twenty-fifths of 1 per cent, or a total rate of 4.40 per cent. The tax on \$110,000 would be \$110,000 multiplied by 4.40, which equals \$4,840.

Mr. Chairman, it may serve a useful purpose to give a comparison of the effective rates under my and the Ramseyer amendments since it is impracticable to make such a comparison by grading the amendments themselves. I may say that the computations were made by the staff of the Joint Committee on Internal Revenue.

#### Comparison of rates

Net estate before exemption	Lewis amendment Per cent	Ramseyer amendment Per cent
\$25,000	0.20	0.24
\$50,000	.50	.64
\$75,000	.85	1.02
\$100,000	1.25	1.50
\$112,000	1.66	2.11
\$125,000	1.81	2.60
\$137,500	2.54	3.00
\$150,000	3.00	3.33
\$162,500	3.46	3.76
\$175,000	3.92	4.14
\$187,500	4.40	4.46
\$200,000	4.87	4.75
\$212,500	5.35	5.00
\$225,000	5.83	5.22
\$237,500	6.31	5.43
\$250,000	6.80	5.60
\$262,500	7.28	5.85
\$275,000	7.77	6.00
\$287,500	8.26	6.30
\$300,000	8.75	6.50
\$312,500	9.24	6.68
\$325,000	9.75	6.84
\$337,500	10.22	7.00
\$350,000	10.71	7.14
\$362,500	11.20	7.27
\$375,000	11.70	7.40
\$387,500	12.19	7.51
\$400,000	12.68	7.62
\$412,500	13.18	7.72
\$425,000	13.67	7.82
\$437,500	14.17	7.91
\$450,000	14.66	8.00
\$462,500	15.16	8.13



Comparison of rates—Continued

Net estate before exemption	Lewis amendment	Ramseyer amendment
	Per cent	Per cent
\$475,000.....	15.65	8.26
\$487,500.....	16.15	8.38
\$500,000.....	16.65	8.50
\$512,500.....	17.14	8.60
\$525,000.....	17.64	8.71
\$537,500.....	18.13	8.81
\$550,000.....	18.61	8.90
\$1,050,000.....	28.79	12.00
\$1,550,000.....	32.41	14.25
\$2,050,000.....	34.26	15.90
\$2,550,000.....	35.38	17.29
\$3,050,000.....	36.14	18.55
\$3,550,000.....	36.68	19.74
\$4,050,000.....	37.09	20.88
\$4,550,000.....	37.41	22.00
\$5,050,000.....	37.67	23.03
\$5,550,000.....	37.88	24.16
\$6,050,000.....	38.05	25.05
\$6,550,000.....	38.20	24.44

Comparison of rates—Continued

Net estate before exemption	Lewis amendment	Ramseyer amendment
	Per cent	Per cent
\$7,050,000.....	38.33	25.75
\$7,550,000.....	38.44	27.56
\$8,050,000.....	38.53	28.27
\$8,550,000.....	38.62	29.01
\$9,050,000.....	38.70	29.67
\$9,550,000.....	38.76	30.37
\$10,050,000.....	38.82	31.00
\$10,550,000.....	38.88	31.66

Mr. Chairman, with these two amendments and the rates clearly before us, our next inquiry will be, What is the comparative revenue yield under each amendment? Again I present a table giving the computations of the staff of the Joint Committee on Internal Revenue:

Estate tax—Comparison of yield, under 1926 act, Lewis amendment and Ramseyer amendment

Average net estate before exemption <sup>1</sup>	Estimated number of estates before tax returns	Estimated total net estates before exemptions	1926 act		Lewis amendment—additional		Ramseyer amendment—additional	
			Average tax	Yield	Average tax	Yield	Average tax	Yield
\$70,000.....	7,500	\$525,000,000	.....	.....	\$275	\$2,062,500	\$300	\$2,250,000
\$120,000.....	1,835	220,200,000	\$200	\$367,000	2,125	3,899,375	2,700	4,954,500
\$170,000.....	850	144,500,000	900	765,000	5,475	4,653,750	5,900	5,015,000
\$240,000.....	675	234,000,000	2,700	2,632,500	12,700	12,383,500	10,400	10,140,000
\$380,000.....	755	286,900,000	7,700	5,813,500	37,525	28,331,375	20,600	16,308,000
\$700,000.....	658	460,600,000	22,500	14,805,000	139,875	92,037,750	47,000	30,925,000
\$1,200,000.....	205	246,000,000	56,500	11,582,500	305,875	62,704,375	98,000	20,090,000
\$1,700,000.....	108	183,600,000	97,500	10,530,000	464,875	50,206,500	155,000	16,740,000
\$2,200,000.....	64	140,800,000	143,500	9,184,000	618,875	39,608,000	217,000	13,888,000
\$2,700,000.....	37	99,900,000	194,500	7,196,500	767,875	28,411,375	284,000	10,508,000
\$3,200,000.....	14	44,800,000	250,500	3,507,000	911,875	12,766,250	356,000	4,984,000
\$3,700,000.....	16	59,200,000	311,500	4,984,000	1,050,875	16,814,000	433,000	6,928,000
\$4,400,000.....	23	101,200,000	405,500	9,326,500	1,236,875	28,448,125	549,000	12,627,000
\$5,400,000.....	12	64,800,000	548,500	6,582,000	1,493,875	17,926,500	740,000	8,880,000
\$6,400,000.....	8	51,200,000	701,500	5,612,000	1,740,875	13,927,000	944,000	7,552,000
\$7,400,000.....	7	51,800,000	864,500	6,051,500	1,977,875	11,867,250	1,158,000	8,106,000
\$8,400,000.....	5	42,000,000	1,037,500	5,187,500	2,204,875	11,024,375	1,382,000	6,910,000
\$9,400,000.....	2	18,800,000	1,220,500	2,441,000	2,421,875	4,843,750	1,616,000	3,232,000
\$10,000,000.....	15	150,000,000	1,413,500	21,202,500	2,628,875	39,433,125	1,860,000	27,900,000
Total.....		3,131,300,000		127,770,000		481,347,875		217,933,500
Yield under 1926 act.....				127,770,000		127,770,000		127,770,000
Total tax paid by estates.....				127,770,000		609,124,875		345,708,500
Less credit for States' 80 per cent of 1926 tax.....				102,216,000		102,216,000		102,216,000
Tax for Federal Government.....				25,554,000		506,908,875		243,492,500

<sup>1</sup> Exemptions: Under 1926 act, \$100,000; under Lewis amendment, \$50,000; under Ramseyer amendment, \$50,000.

It appears, Mr. Chairman, that assuming the conditions of the basic wealth turnover of \$3,131,300,000 in 1930, the yield would be:

Present law.....	\$127,770,000
Ramseyer amendment.....	345,708,500
Lewis amendment.....	609,124,875

In effect the Ramseyer amendment, the assumed conditions obtaining, would increase the revenue by \$217,933,500, while the Lewis amendment would increase the revenue by \$481,354,875. Of the need of the greater revenue there, unhappily, is no doubt. Of the relative justice of these amendments, I shall leave that question to other judges.

Mr. Chairman, I wish to thank the House for the exceptional indulgence it has shown me in presenting a subject so tedious in its statistical aspects.

In conclusion I am inserting data on the estate taxes levied in the United Kingdom, France, and Germany compiled by the Legislative Reference Service of the Library of Congress, also the amendment on estate taxation which has been the subject of this discussion.

#### RATES OF AND REVENUE DERIVED FROM DEATH DUTIES IN GREAT BRITAIN, FRANCE, AND GERMANY

##### GREAT BRITAIN

The inheritance duties or death duties are seven in number, of which three only are payable in connection with deaths occurring at the present time, namely:

(a) The estate duty, a duty payable with reference to the passing of property on death; and

(b) The legacy duty and the succession duty, each of which is a duty payable with reference to the acquisition of property by beneficiaries.

#### 1. Estate duty—scope

The estate duty is an ad valorem graduated tax leviable upon the net principal value of all property situate in Great Britain which passes upon the death of any individual.

#### RATES

Small estates, of a gross value of £300 or less, fixed duty (including all other death duties), 30 shillings.

Between £300 and £500, fixed duty (including all other death duties), 50 shillings.

Rate (per cent) of duty when death occurred after August 1, 1930, where the net principal value of the estate is between (in pounds sterling)—

100 and 500.....	1
500 and 1,000.....	2
1,000 and 5,000.....	3
5,000 and 10,000.....	4
10,000 and 12,500.....	5
12,000 and 15,000.....	6
15,000 and 18,000.....	7
18,000 and 21,000.....	8
21,000 and 25,000.....	9
25,000 and 30,000.....	10
30,000 and 35,000.....	11
35,000 and 40,000.....	12
40,000 and 45,000.....	13
45,000 and 50,000.....	14
50,000 and 55,000.....	15
55,000 and 65,000.....	16
65,000 and 75,000.....	17
75,000 and 85,000.....	18
85,000 and 100,000.....	19



100,000 and 120,000	20
120,000 and 150,000	22
150,000 and 200,000	24
200,000 and 250,000	26
250,000 and 300,000	28
300,000 and 400,000	30
400,000 and 500,000	32
500,000 and 600,000	34
600,000 and 800,000	36
800,000 and 1,000,000	38
1,000,000 and 1,250,000	40
1,250,000 and 1,500,000	42
1,500,000 and 2,000,000	45
Over 2,000,000	50

Where estate duty has become payable on any property consisting of land or a business (other than a business carried on by a company) or any interest in land or such a business, and estate duty comes payable again within five years by reason of passing on the death of the person to whom the property passed on the first death, the estate duty payable on the second death in respect of that property is to be reduced as follows:

Where second death occurs within—	Per cent
1 year of first death by	50
2 years of first death by	40
3 years of first death by	30
4 years of first death by	20
5 years of first death by	10

but where the value of the property on the second death exceeds the value on which duty was payable on the first death, the latter value shall be substituted for the former for the purpose of calculating the duty on which the reduction is to be calculated. (Finance act, 1914, sec. 15.)

## II. Legacy duty and succession duty—Scope

Legacy duty is a tax upon personal property under wills or intestacies.

Succession duty is chargeable under every transfer on death by which a person becomes gratuitously entitled to property.

### Rates

Relationship of the beneficiary (or of the person of nearer consanguinity whom he or she has married) to the author of the bounty:

### I. Rates of inheritance tax (Droits de mutation par décès)

[Rates applicable to the fraction of the net share from]

Degree of relationship	1 to 10,000 francs	10,001 to 50,000 francs	50,001 to 100,000 francs	100,001 to 250,000 francs	250,001 to 500,000 francs	500,001 to 1,000,000 francs	1,000,001 to 2,000,000 francs	2,000,001 to 5,000,000 francs	5,000,001 to 10,000,000 francs	10,000,001 to 50,000,000 francs	Over 50,000,000 francs
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
Lineal descendant to first degree	1.20	2.40	3.60	4.80	6.60	9.00	10.20	11.40	12.60	13.80	15.00
Lineal descendant to second degree and between husband and wife	2.40	3.60	4.80	6.00	7.80	9.60	10.80	12.00	13.20	14.40	15.60
Lineal descendant beyond second degree	4.20	5.40	6.60	7.80	9.00	10.20	11.40	12.60	13.80	15.00	16.20
Lineal ascendant to first degree	4.80	6.00	7.20	8.40	9.60	10.80	12.00	13.20	14.40	15.60	16.80
Lineal ascendant to second degree and beyond	5.40	6.60	7.80	9.00	10.20	11.40	12.60	13.80	15.00	16.20	17.40
Between brothers and sisters	14.40	16.80	19.20	21.60	24.00	26.40	28.80	31.20	33.60	36.00	38.40
Between uncles, aunts, nephews, and nieces	20.40	22.80	25.20	27.60	30.00	32.40	34.80	37.20	39.60	42.00	44.40
Between great-uncles or grandaunts and grandnephews or grandnieces and first cousins	26.40	28.80	31.20	33.60	36.00	38.40	40.80	43.20	45.60	48.00	50.40
Between relatives beyond the fourth degree and between persons not related	32.40	34.80	37.20	39.60	42.00	44.40	46.80	49.20	51.60	54.00	56.40

## II. Estate tax (taxe successorale)

Fraction of value of estate included between—	Number of children, living or survived by issue, left by decedent	One	None
		Per cent	Per cent
1 and 2,000		1.20	3.60
2,001 and 40,000		2.40	7.20
40,001 and 50,000		3.60	10.80
50,001 and 100,000		4.80	14.40
100,001 and 250,000		6.00	18.00
250,001 and 500,000		7.80	21.60
500,001 and 1,000,000		9.60	25.20
1,000,001 and 2,000,000		14.40	28.80
2,000,001 and 5,000,000		16.20	32.40
5,000,001 and 10,000,000		18.00	36.00
10,000,001 and 50,000,000		19.80	39.60
50,000,001 and 100,000,000		21.60	43.20
100,000,001 and 500,000,000		24.00	46.80
Over 500,000,000		25.20	48.00

	Rate of duty per cent
Husband or wife, child or lineal descendant of child, father or mother or any lineal ancestor	1
Brother or sister, lineal descendant of brother or sister	5
Any other person, including any related only by natural ties	10

## III. Revenue derived from death duties

Fiscal year	Estate duty	Legacy and succession duties	Total death duties
1916-17	£25,097,630	£6,094,516	£31,192,146
1917-18	25,742,554	5,992,944	31,735,498
1918-19	25,143,566	5,656,455	30,800,021
1919-20	36,637,708	6,122,269	42,759,977
1920-21	40,613,627	6,567,454	47,181,081
1921-22	45,145,725	7,375,262	52,520,987
1922-23	48,463,487	8,031,180	56,494,667
1923-24	49,804,961	7,751,866	57,556,827
1924-25	50,514,243	8,403,046	58,917,289
1925-26	52,861,205	8,469,195	61,330,400
1926-27	59,080,239	8,345,552	67,425,791
1927-28	68,621,349	8,263,275	76,884,624
1928-29	72,231,460	8,703,153	80,934,613
1929-30	69,548,208	9,557,719	79,106,027

## FRANCE

Death duties are of two kinds, an inheritance tax on the net estate of the deceased (Droits de mutation par décès) and a succession or estate duty (taxe successorale). There is also levied a tax on gifts inter vivos (mutations entre vifs à titre gratuit).

### 1. Tax on transfers at death

The principal tax on transfers at death of real or personal property is an inheritance tax payable on the net share received by each person.

### 2. Succession or estate duty

In all successions in which the deceased does not leave two children, either living or represented, a progressive tax on the net total capital of the estate is due in addition to the death duties. This tax is a superimposition with the object of putting heavier charges on bequests in small families.

In contrast to the death duties, succession duty does not depend upon the degree of relationship and is not payable on the hereditary share but on successive portions of the net total capital of the succession.

## III. Tax on gifts inter vivos (mutations entre vifs à titre gratuit) according to degree of relationship

In direct descending line:	Per cent
Gifts distributed in accordance with sections 1075 and 1076 of the Civil Code <sup>1</sup> by the father and mother, and other ascendants, among their children if they are living or survived by issue—	
More than two children	3.00
Two children	5.40
The descendants of an only child	7.80
Gifts by marriage contract <sup>2</sup> to descendants—	
More than two children living or survived by issue	4.20
Two children living or survived by issue	5.40
One child living or survived by issue	6.60

<sup>1</sup> Permits ascendants to distribute their present property among descendants by gifts inter vivos.

<sup>2</sup> Sec. 1082 of the Civil Code permits this form of gift which may include all the property left by the donor at death. Such gifts, as well as all others made at marriage, must be embodied in the marriage contract in order to partake of the privileged character of marriage gifts under French law.



In direct descending line—Continued.		Per cent
Other gifts—		
More than two children living or survived by issue	6.60	
Two children living or survived by issue	9.00	
One child living or survived by issue	11.40	
In direct ascending line		11.40
Between husband and wife:		
By marriage contract	5.40	
Otherwise—		
More than two children living or survived by issue	6.60	
Two children living or survived by issue	9.00	
One child living or survived by issue	11.40	
No children	13.80	
Between brothers and sisters:		
By marriage contract	18.00	
Otherwise	30.00	
Between uncles or aunts, and nephews and nieces:		
By marriage contract	24.00	
Otherwise	36.00	
Between great-uncles or great-aunts, and grandnephews or great-nieces, and between cousins:		
By marriage contract	30.00	
Otherwise	42.00	
Between relatives more distant than the fourth degree and between nonrelatives:		
By marriage contract	36.00	
Otherwise	48.00	

Gifts inter vivos made to public establishments other than charitable institutions or hospitals are taxed at the special rate of 21.60 per cent. However, gifts and legacies made to departments or communes for the special benefit of charitable, etc., institutions are taxed at the rate of 10.80 per cent.

Gifts and legacies made to departments, communes, or public establishments other than those to which the rate of 10.80 per cent applies are taxed at the following rates:

Rate applicable to the net share taken between—	Per cent
1 and 2,000 francs	21.60
2,001 and 10,000 francs	22.80

Rate applicable to the net share taken between—Con.		Per cent
10,001 and 50,000 francs	24.00	
50,001 and 100,000 francs	25.20	
100,001 and 250,000 francs	26.40	
250,001 and 500,000 francs	27.60	
500,001 and 1,000,000 francs	28.80	
1,000,001 and 2,000,000 francs	30.00	
2,000,001 and 5,000,000 francs	31.20	
5,000,001 and 10,000,000 francs	32.40	
10,000,001 and 50,000,000 francs	33.60	
Over 50,000,000 francs	34.80	

#### IV. Net receipts derived from the death duties

Year	Inheritance and estate taxes	Gift tax
	Francs	Francs
1924	1,399,352,000	143,839,000
1925	1,450,781,000	156,575,000
1926	1,653,202,000	161,525,000
1927	1,940,449,518	139,714,000
1928	2,179,291,976	152,839,000
1929	2,727,059,210	1205,744,000
1930	2,389,795,966	145,935,000
1931	2,220,851,371	

<sup>1</sup> 15-month period, Jan. 1, 1929–Mar. 31, 1930.

<sup>2</sup> Fiscal year ended Mar. 31, 1931.

#### GERMANY

The German death duties include a tax on inheritance, gifts inter vivos, and gifts restricted by special conditions.

##### 1. Tax on inheritances

This tax is imposed on the individual share received by the heir, at rates graduated according to the amount, and according to the degree of relationship to the decedent.

##### 2. Tax on gifts inter vivos

This tax is imposed on gifts between the living and is due by the donor as of the date of transfer of the gift.

#### Rates

[Rate applicable to the fraction of the net share taken between]

Class	Degree of relationship	1,000-10,000 marks	10,000-20,000 marks	20,000-30,000 marks	30,000-40,000 marks	40,000-50,000 marks	50,000-100,000 marks	100,000-150,000 marks	150,000-200,000 marks	200,000-300,000 marks	300,000-400,000 marks	400,000-500,000 marks
I	Husband and wife, <sup>1</sup> children, adopted children, stepchildren, and illegitimate children having the legal position of legitimate children or recognized by the father	Per cent 2	Per cent 2.5	Per cent 3	Per cent 3.5	Per cent 4	Per cent 4.5	Per cent 5	Per cent 5.5	Per cent 6	Per cent 6.5	Per cent 7
II	Descendants of above, except husband and wife; descendants of adopted children only if terms of adoption extend to descendants	4	5	6	7	8	9	10	11	12	13	14
III	Parents, stepfather, stepmother, brothers, sisters, and half brothers and sisters	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21
IV	Grandparents, and more remote ancestors, descendants in the first degree of brothers and sisters, father-in-law, mother-in-law, sons-in-law, daughters-in-law	8	10	12	14	16	18	20	22	24	26	28
V	All others not specially provided for	14	16	18	20	22	24	26	28	30	32	34

Class	Degree of relationship	500,000-600,000 marks	600,000-700,000 marks	700,000-800,000 marks	800,000-900,000 marks	900,000-1,000,000 marks	1,000,000-2,000,000 marks	2,000,000-4,000,000 marks	4,000,000-6,000,000 marks	6,000,000-8,000,000 marks	8,000,000-10,000,000 marks	Over 10,000,000 marks
I	Husband and wife, <sup>1</sup> children, adopted children, stepchildren, and illegitimate children having the legal position of legitimate children or recognized by the father	Per cent 7.5	Per cent 8	Per cent 8.5	Per cent 9	Per cent 9.5	Per cent 10	Per cent 11	Per cent 12	Per cent 13	Per cent 14	Per cent 15
II	Descendants of above, except husband and wife; descendants of adopted children only if terms of adoption extend to descendants	15	16	17	18	19	20	21	22	23	24	25
III	Parents, stepfather, stepmother, brothers, sisters, and half brothers and sisters	22.5	24	25.5	27	28.5	30	32	34	36	38	40
IV	Grandparents, and more remote ancestors, descendants in the first degree of brothers and sisters, father-in-law, mother-in-law, sons-in-law, daughters-in-law	30	32	34	36	38	40	42	44	46	48	50
V	All others not specially provided for	36	38	40	42	44	46	48	51	54	57	60

<sup>1</sup> Husband and wife are exempt from tax, if, when the tax falls due, there are living: (a) Children; (b) persons in legal position of legitimate children; (c) adopted children; (d) or descendants of (a) and (b); descendants of (c), if terms of adoption extended to descendants.

NOTE.—If persons in Class I or II acquire by right of succession from persons in the same class, property which was divided by reason of decease within the past 5 years and on which the tax was paid in conformity with the present law, the tax on the said property shall be reduced by half; the tax shall be reduced by one-fourth if the division took place between 5 and 10 years.

#### Net receipts from death duties

	Reichsmarks
1925-26	27,259,630
1926-27	34,602,292
1927-28	71,900,000
1928-29	73,531,561
1929-30	82,200,000
1930-31	79,000,000

Mr. LEWIS. The form of the Ramseyer amendment is the same as the amendment which follows except as to the fig-

ures expressing the rates. The attention of the nonexpert is invited to the lack of clarity and misleading characteristics of the forms used.

Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Maryland offers an amendment, which the Clerk will report.



The Clerk read as follows:

Amendment offered by Mr. Lewis: Page 189, strike out lines 8 to 14, both inclusive, and in lieu thereof insert the following:

"(a) In addition to the estate tax imposed by section 301 (a) of the revenue act of 1926, there is hereby imposed upon the transfer of the net estate of every decedent dying after the enactment of this act, whether a resident or nonresident of the United States, an additional tax equal to the excess of—

"(1) The amount of a tentative tax computed under subsection (b) of this section over

"(2) The amount of the tax imposed by section 301 (a) of the revenue act of 1926, computed without regard to the provisions of this title.

"(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the value of the net estate:

"Upon net estates not in excess of \$12,500, 1 per cent.

"\$125 upon net estates of \$12,500; and upon net estates in excess of \$12,500 and not in excess of \$25,000, 2 per cent in addition of such excess.

"\$375 upon net estates of \$25,000; and upon net estates in excess of \$25,000 and not in excess of \$37,500, 3 per cent in addition of such excess.

"\$750 upon net estates of \$37,500; and upon net estates in excess of \$37,500 and not in excess of \$50,000, 4 per cent in addition of such excess.

"\$1,250 upon net estates of \$50,000; and upon net estates in excess of \$50,000 and not in excess of \$62,500, 5 per cent in addition of such excess.

"\$1,875 upon net estates of \$62,500; and upon net estates in excess of \$62,500 and not in excess of \$75,000, 6 per cent in addition of such excess.

"\$2,265 upon net estates of \$75,000; and upon net estates in excess of \$75,000 and not in excess of \$87,500, 7 per cent in addition of such excess.

"\$3,500 upon net estates of \$87,500; and upon net estates in excess of \$87,500 and not in excess of \$100,000, 8 per cent in addition of such excess.

"\$4,500 upon net estates of \$100,000; and upon net estates in excess of \$100,000 and not in excess of \$112,500, 9 per cent in addition of such excess.

"\$5,625 upon net estates of \$112,500; and upon net estates in excess of \$112,500 and not in excess of \$125,000, 10 per cent in addition of such excess.

"\$6,875 upon net estates of \$125,000; and upon net estates in excess of \$125,000 and not in excess of \$137,500, 11 per cent in addition of such excess.

"\$8,250 upon net estates of \$137,500; and upon net estates in excess of \$137,500 and not in excess of \$150,000, 12 per cent in addition of such excess.

"\$9,750 upon net estates of \$150,000; and upon net estates in excess of \$150,000 and not in excess of \$162,500, 13 per cent in addition of such excess.

"\$11,375 upon net estates of \$162,500; and upon net estates in excess of \$162,500 and not in excess of \$175,000, 14 per cent in addition of such excess.

"\$13,125 upon net estates of \$175,000; and upon net estates in excess of \$175,000 and not in excess of \$187,500, 15 per cent in addition of such excess.

"\$15,000 upon net estates of \$187,500; and upon net estates in excess of \$187,500 and not in excess of \$200,000, 16 per cent in addition of such excess.

"\$17,000 upon net estates of \$200,000; and upon net estates in excess of \$200,000 and not in excess of \$212,500, 17 per cent in addition of such excess.

"\$19,125 upon net estates of \$212,500; and upon net estates in excess of \$212,500 and not in excess of \$225,000, 18 per cent in addition of such excess.

"\$21,375 upon net estates of \$225,000; and upon net estates in excess of \$225,000 and not in excess of \$237,500, 19 per cent in addition of such excess.

"\$23,750 upon net estates of \$237,500; and upon net estates in excess of \$237,500 and not in excess of \$250,000, 20 per cent in addition of such excess.

"\$26,500 upon net estates of \$250,000; and upon net estates in excess of \$250,000 and not in excess of \$262,500, 21 per cent in addition of such excess.

"\$28,875 upon net estates of \$262,500; and upon net estates in excess of \$262,500 and not in excess of \$275,000, 22 per cent in addition of such excess.

"\$31,625 upon net estates of \$275,000; and upon net estates in excess of \$275,000 and not in excess of \$287,500, 23 per cent in addition of such excess.

"\$34,500 upon net estates of \$287,500; and upon net estates in excess of \$287,500 and not in excess of \$300,000, 24 per cent in addition of such excess.

"\$37,500 upon net estates of \$300,000; and upon net estates in excess of \$300,000 and not in excess of \$312,500, 25 per cent in addition of such excess.

"\$40,625 upon net estates of \$312,500; and upon net estates in excess of \$312,500 and not in excess of \$325,000, 26 per cent in addition of such excess.

"\$43,875 upon net estates of \$325,000; and upon net estates in excess of \$325,000 and not in excess of \$337,500, 27 per cent in addition of such excess.

"\$47,250 upon net estates of \$337,500; and upon net estates in excess of \$337,500 and not in excess of \$350,000, 28 per cent in addition of such excess.

"\$50,750 upon net estates of \$350,000; and upon net estates in excess of \$350,000 and not in excess of \$362,500, 29 per cent in addition of such excess.

"\$54,375 upon net estates of \$362,500; and upon net estates in excess of \$362,500 and not in excess of \$375,000, 30 per cent in addition of such excess.

"\$58,125 upon net estates of \$375,000; and upon net estates in excess of \$375,000 and not in excess of \$387,500, 31 per cent in addition of such excess.

"\$62,000 upon net estates of \$387,500; and upon net estates in excess of \$387,500 and not in excess of \$400,000, 32 per cent in addition of such excess.

"\$66,000 upon net estates of \$400,000; and upon net estates in excess of \$400,000 and not in excess of \$412,500, 33 per cent in addition of such excess.

"\$70,125 upon net estates of \$412,500; and upon net estates in excess of \$412,500 and not in excess of \$425,000, 34 per cent in addition of such excess.

"\$74,375 upon net estates of \$425,000; and upon net estates in excess of \$425,000 and not in excess of \$437,500, 35 per cent in addition of such excess.

"\$78,500 upon net estates of \$437,500; and upon net estates in excess of \$437,500 and not in excess of \$450,000, 36 per cent in addition of such excess.

"\$83,250 upon net estates of \$450,000; and upon net estates in excess of \$450,000 and not in excess of \$462,500, 37 per cent in addition of such excess.

"\$87,875 upon net estates of \$462,500; and upon net estates in excess of \$462,500 and not in excess of \$475,000, 38 per cent.

"\$92,625 upon net estates of \$475,000; and upon net estates in excess of \$475,000 and not in excess of \$500,000, 39 per cent in addition of such excess.

"\$102,375 upon net estates of \$500,000; and upon net estates in excess of \$500,000, 40 per cent in addition of such excess.

"(c) For the purposes of this section the value of the net estate shall be determined as provided in Title III of the revenue act of 1926, as amended, except that in lieu of the exemption of \$100,000 provided in section 303 (a) (4) of such act, the exemption shall be \$50,000."

Mr. RAMSEYER. Mr. Chairman, I offer a substitute.

The CHAIRMAN. The gentleman from Iowa offers a substitute, which the Clerk will report.

The Clerk read as follows:

Substitute offered by Mr. RAMSEYER for the Lewis amendment: Page 189, strike out lines 8 to 14, both inclusive, and in lieu thereof insert the following:

"(a) In addition to the estate tax imposed by section 301 (a) of the revenue act of 1926, there is hereby imposed upon the transfer of the net estate of every decedent dying after the enactment of this act, whether a resident or nonresident of the United States, an additional tax equal to the excess of—

"(1) The amount of a tentative tax computed under subsection (b) of this section, over

"(2) The amount of the tax imposed by section 301 (a) of the revenue act of 1926, computed without regard to the provisions of this title.

"(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the value of the net estate:

"Upon net estates not in excess of \$10,000, 1 per cent.

"\$100 upon net estates of \$10,000; and upon net estates in excess of \$10,000 and not in excess of \$20,000, 2 per cent in addition of such excess.

"\$300 upon net estates of \$20,000; and upon net estates in excess of \$20,000 and not in excess of \$30,000, 3 per cent in addition of such excess.

"\$600 upon net estates of \$30,000; and upon net estates in excess of \$30,000 and not in excess of \$40,000, 4 per cent in addition of such excess.

"\$1,000 upon net estates of \$40,000; and upon net estates in excess of \$40,000 and not in excess of \$50,000, 5 per cent in addition of such excess.

"\$1,500 upon net estates of \$50,000; and upon net estates in excess of \$50,000 and not in excess of \$100,000, 7 per cent in addition of such excess.

"\$5,000 upon net estates of \$100,000; and upon net estates in excess of \$100,000 and not in excess of \$200,000, 9 per cent in addition of such excess.

"\$14,000 upon net estates of \$200,000; and upon net estates in excess of \$200,000 and not in excess of \$400,000, 11 per cent in addition of such excess.

"\$36,000 upon net estates of \$400,000; and upon net estates in excess of \$400,000 and not in excess of \$600,000, 13 per cent in addition of such excess.

"\$62,000 upon net estates of \$600,000; and upon net estates in excess of \$600,000 and not in excess of \$800,000, 15 per cent in addition of such excess.

"\$92,000 upon net estates of \$800,000; and upon net estates in excess of \$800,000 and not in excess of \$1,000,000, 17 per cent in addition of such excess.

"\$126,000 upon net estates of \$1,000,000; and upon net estates in excess of \$1,000,000 and not in excess of \$1,500,000, 19 per cent in addition of such excess.



"\$221,000 upon net estates of \$1,500,000; and upon net estates in excess of \$1,500,000 and not in excess of \$2,000,000, 21 per cent in addition of such excess.

"\$326,000 upon net estates of \$2,000,000; and upon net estates in excess of \$2,000,000 and not in excess of \$2,500,000, 23 per cent in addition of such excess.

"\$441,000 upon net estates of \$2,500,000; and upon net estates in excess of \$2,500,000 and not in excess of \$3,000,000, 25 per cent in addition of such excess.

"\$566,000 upon net estates of \$3,000,000; and upon net estates in excess of \$3,000,000 and not in excess of \$3,500,000, 27 per cent in addition of such excess.

"\$701,000 upon net estates of \$3,500,000; and upon net estates in excess of \$3,500,000 and not in excess of \$4,000,000, 29 per cent in addition of such excess.

"\$846,000 upon net estates of \$4,000,000; and upon net estates in excess of \$4,000,000 and not in excess of \$4,500,000, 31 per cent in addition of such excess.

"\$1,001,000 upon net estates of \$4,500,000; and upon net estates in excess of \$4,500,000 and not in excess of \$5,000,000, 33 per cent in addition of such excess.

"\$1,166,000 upon net estates of \$5,000,000; and upon net estates in excess of \$5,000,000 and not in excess of \$6,000,000, 35 per cent in addition of such excess.

"\$1,516,000 upon net estates of \$6,000,000; and upon net estates in excess of \$6,000,000 and not in excess of \$7,000,000, 37 per cent in addition of such excess.

"\$1,886,000 upon net estates of \$7,000,000; and upon net estates in excess of \$7,000,000 and not in excess of \$8,000,000, 39 per cent in addition of such excess.

"\$2,276,000 upon net estates of \$8,000,000; and upon net estates in excess of \$8,000,000 and not in excess of \$9,000,000, 41 per cent in addition of such excess.

"\$2,686,000 upon net estates of \$9,000,000; and upon net estates in excess of \$9,000,000 and not in excess of \$10,000,000, 43 per cent in addition of such excess.

"\$3,116,000 upon net estates of \$10,000,000; and upon net estates in excess of \$10,000,000, in addition 45 per cent of such excess.

"(c) For the purposes of this section, the value of the net estate shall be determined as provided in Title III of the revenue act of 1926, as amended, except that in lieu of the exemption of \$100,000 provided in section 303 (a) (4) of such act, the exemption shall be \$50,000."

Mr. RAMSEYER. Mr. Chairman, this is a very important subject. It is a little difficult to speak under the 5-minute rule, and in order to have time to explain just what the situation is and to use the blackboard before us, I ask unanimous consent that I may proceed for 20 minutes.

The CHAIRMAN (Mr. BLAND). The gentleman from Iowa asks unanimous consent to proceed for 20 minutes. Is there objection?

There was no objection.

Mr. RAMSEYER. Mr. Chairman, I have been in this estate-tax fight ever since the war. I have urged increases in this form of taxation. I have never urged confiscatory rates, but I have insisted on rates that would be productive of revenue.

I never thought I would live to see the day when I would have to get up on the floor of the House and advise caution against unreasonable increases in estate tax rates. There is such a thing as going to excess on anything. If you go to excess now you get a reaction later.

I was through the fight in 1924, when we increased the estate-tax rates. The country at that time was not prepared for those increases, with the result that when the revenue bill was up in 1926 we almost lost the estate tax altogether.

To make the estate tax productive of revenue—and I want to see this source of revenue more productive than it now is—you have got to develop it gradually. The British probably have had more success with the development of estate taxes and making them productive of revenue than any other people.

Before I go further I wish to say for your information that the amendment which I offered is printed in the CONGRESSIONAL RECORD for March 12 and can be found on page 5897. I hope to proceed for a while without interruption and after that I will gladly yield for relevant questions.

The British started in on estate taxes a good while before the war. The British brackets notwithstanding many changes and increases in rates are much the same now as they were in 1894.

In 1894 their estate-tax rates ran from 1 per cent in the first bracket over the exemption to 8 per cent in the bracket of \$10,000,000 and over. The next time they amended these rates was in 1907. They took the same brackets they had and increased the rates. They ran from 1 per cent to 15 per cent. In 1909 they again increased their estate-tax rates. They adopted the same brackets and they ran from 1 per cent to 15 per cent, increasing more in between. In 1914 they revised the estate taxes upward, from 1 per cent to 20 per cent. In 1919, with the same brackets, they went from 1 per cent to 40 per cent. In 1925 they again revised their estate-tax rates, retaining the same brackets, and their brackets are a good deal the same as our brackets. They increased the rates between the minimum and the maximum. In 1930—that is, two years ago—sticking to the same brackets, they increased the rate from 1 per cent to 50 per cent; that is, the maximum British rate now is 50 per cent on that part of an estate over \$10,000,000. The minimum is 1 per cent. The British only have an exemption of £100, or about \$500. Then they start with 1 per cent.

Now, under our existing law we have an exemption of \$100,000. Under the law prior to 1926 our exemption was \$50,000. In the substitute I offer I go back to the \$50,000 exemption and then graduate the rates from 1 per cent on the first \$10,000 over the \$50,000 exemption to 45 per cent upon the net estate in excess of \$10,000,000.

I want to give you a picture of how the rates run under the present law. Here is the base line [illustrating on black board] and over here you will see is \$10,000,000. That is the top bracket. Our present law runs from 1 per cent to 20 per cent, and the rates run up gradually like that [indicating]. Under our income tax law our rates swing upward more and then go out horizontally.

The committee proposes to double the rates in the present bill and they start with 2 per cent. The line has a gradual upward trend. This is 20 per cent maximum and this is 40 per cent maximum carried in the bill [indicating].

The rates I propose are more along the line of the British rates; that is, there is an upward curve so as to impose a little more weight on the intermediate estates, because there is where you have the large volume of property that devolves on account of the death of the owners.

The rates I propose start with 1 per cent over \$50,000 and go more in this order [indicating]. Mind you, that beginning with an exemption of \$50,000 the brackets of my amendment follow very much the brackets of existing law; that is, the maximum rate of 45 per cent applies to that portion of the estate over \$10,000,000.

The gentleman from Maryland proposes a schedule of rates that looks something more like this and then straight over like that [indicating]. He does not propose a gradual upward trend but a steep upward movement until he gets to \$500,000, when he applies 40 per cent rate to all above that amount. That is, on a \$1,000,000 estate the part over \$500,000 would have a rate burden just as great as the rate burden imposed on a \$25,000,000 estate; that is, 40 per cent all the way through.

I am here speaking in the interest of developing the estate tax so as to make it productive of revenue.

The rates I have adopted were written, as they were read to you, after conferring with persons who have had experience in administering the estate-tax laws. I doubt whether the gentleman from Maryland, in preparing his amendment, conferred with men experienced in administering the estate tax law. I had experts prepare the amendment I have offered. I asked them to prepare an amendment which would yield, as nearly as they could figure it, \$500,000,000.

Now, let me make it clear to you that the amendment I offer does not affect the existing law. It is not put over on top of the existing law. It specifically provides that the amount the States are entitled to under existing law remains undisturbed. The rates that are in my amendment are the maximum rates that would be imposed on any estate. To figure out what the estate would have to pay,



you would first figure with my rates and then to find out what a State is entitled to retain under the 80 per cent provision, you figure out what the State would be entitled to under existing law and subtract that from the amount that the tax would amount to under my amendment. So the rights of the States to a part of the estate tax under existing law will under my amendment remain undisturbed. That is, the State's participation in estate taxes is neither enlarged nor diminished but will be in the future the same as it has been since 1926.

Mr. RAGON. Will the gentleman yield right there?

Mr. RAMSEYER. I yield to the gentleman from Arkansas, a member of the committee.

Mr. RAGON. As we have treated the amendment in the bill, we have treated the increase as a supertax and the States do not participate in that in any way. I do not think the gentleman has made it clear whether the States will participate in his supertax or not.

Mr. RAMSEYER. They do not.

Mr. RAGON. They only participate in the tax that is levied at present.

Mr. RAMSEYER. That is it exactly, and that part is not disturbed at all.

Now, let me make this clear again. I can not stop here to write all this out, but Figure 1 here [indicating on the blackboard] is a line which indicates the existing law; Figure 2 is the line or the step-up in the bill; Figure 3 is a line of the step-up under my amendment; and Figure 4 illustrates the line or step-up of the amendment of the gentleman from Maryland [Mr. LEWIS].

Each year since the war, except last year, when I did not have time to do so, I have read the report of the British Chancellor of the Exchequer. This in itself is a liberal education in public finance, and I have followed especially with interest their estate-tax law development.

In Great Britain there has been nothing radical about the development of their estate taxes; in fact, nearly every increase that has been proposed and put on has come when the Conservatives of Great Britain were in power. I am not proposing to you anything radical. I am proposing to you something that is just, I am proposing to you something whereby you can get revenue according to capacity to pay, and it is a source of possible revenue that in my opinion has barely been tapped. What I am asking you to do to-day is to take a logical step forward and, maybe, some time in the future, other steps can be taken.

Now, as to the British rates. When I prepared this amendment I did not have the British rates before me, but since the amendment has been published in the CONGRESSIONAL RECORD I have had access to the latest British rates. Of course, the British exempt only \$500. We, in this amendment, exempt \$50,000. The British rates run from 2 per cent to 5 per cent higher than my rates, but the British line is a good deal like this No. 3 which I have drawn on the blackboard to illustrate the rates I have proposed. The British maximum rate on that portion of the estate over \$10,000,000 is 50 per cent, whereas my proposal is 45 per cent.

I think I have made plain to you just what the different proposals before the House amount to. No. 2 is what you see in the bill, No. 3 is my own amendment, and No. 4 is the amendment of the gentleman from Maryland.

Mr. RANKIN. Will the gentleman yield?

Mr. RAMSEYER. For a question; yes.

Mr. RANKIN. How much will the gentleman's amendment yield over and above what the present bill would yield?

Mr. RAMSEYER. Of course, remember that any increase to become productive will take probably two years.

Mr. RANKIN. I understand that. I am not talking about the time, but the yield.

Mr. RAMSEYER. When this becomes productive it will probably yield between \$500,000,000 and \$600,000,000. The committee proposal, I understand, will yield, when it be-

comes productive, something like \$300,000,000. So the difference would be two or three hundred million dollars, and it is made on the intermediate brackets, where the burden is a little heavier than that proposed by the committee.

Mr. SIROVICH. Will the gentleman yield?

Mr. RAMSEYER. For a question; yes.

Mr. SIROVICH. No. 3 represents the gentleman's amendment, is that right?

Mr. RAMSEYER. Yes.

Mr. SIROVICH. And it resembles the British form of taxation?

Mr. RAMSEYER. Yes.

Mr. SIROVICH. And the British form of taxation brings out \$80,000,000 a year for 40,000,000 people.

Mr. RAMSEYER. I know what the gentleman is driving at.

Mr. SIROVICH. Why is it that the gentleman's plan with 120,000,000 people will only bring \$500,000,000?

Mr. RAMSEYER. For this reason—the great bulk of the property that devolves is in smaller estates. If we would tax as heavily as the British do small estates, exempting only \$500, we would probably get from three to four times as much revenue from this tax as the British do. The difference is in that our exemption is higher.

Mr. REED of New York. Will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. REED of New York. There was a little confusion, and I did not get clearly this point. Do the States share under the gentleman's amendment?

Mr. RAMSEYER. I can assure the gentleman that under my amendment the part that the States get now will not be affected at all.

Mr. JOHNSON of Washington. That is to say, they will get no more.

Mr. RAMSEYER. They will continue to get just what they have been getting under existing law since 1926.

Mr. JOHNSON of Washington. The States will get what they are getting now, and any possibility of their going further and getting more from estates will be limited as the United States rates go higher.

Mr. RAMSEYER. The United States rates are higher because of the need of the Federal Treasury.

[Here the gavel fell.]

Mr. RAMSEYER. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. Will the gentleman yield?

Mr. RAMSEYER. For a question.

Mr. BLANTON. The gentleman has evidenced his purpose of raising the rates. May I ask the gentleman whether or not, if his amendment should be defeated, would he then support the Lewis amendment?

Mr. RAMSEYER. I am not in favor of the Lewis amendment.

Mr. BLANTON. I wanted to see if he can not go along with those who favor a raise if the committee does go along with him.

Mr. RAMSEYER. Let us take one amendment at a time.

Mr. BLANTON. I only wanted to see how far we could go with the gentleman on his proposition.

Mr. RAMSEYER. I did not yield for that question. I want to dispose of this first.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. WHITTINGTON. Has the gentleman had any estimate of the Treasury as to what his amendment would produce?

Mr. RAMSEYER. I have had the estimate of an expert, not connected with the Treasury, that it will yield at least \$500,000,000.



Mr. WHITTINGTON. But the gentleman has not asked the Treasury for an estimate?

Mr. RAMSEYER. No; I have not.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. RAMSEYER. I yield.

Mr. STRONG of Kansas. The amount of this tax must be collected in cash. But suppose an estate has no cash, that its assets are in business, and so forth. What length of time does the gentleman give for the payment of the tax?

Mr. RAMSEYER. My amendment would not affect the administrative provisions of the law. I always have been in favor myself of liberal administrative provisions, to give the estates plenty of time to settle up so they will not be hurried or crowded in settling up at a loss.

Mr. STRONG of Kansas. Ought there not be some provision for that in the bill?

Mr. RAMSEYER. That comes later on.

Mr. WOODRUFF. Will the gentleman from Iowa yield?

Mr. RAMSEYER. I yield to the gentleman.

Mr. WOODRUFF. There has been considerable confusion around here, and I did not get all the responses of the gentleman to the questions propounded to him. The committee bill will raise a certain amount of money.

Mr. RAMSEYER. I understand something like \$250,000,000 or \$300,000,000.

Mr. WOODRUFF. And how much additional will the gentleman's proposition raise?

Mr. RAMSEYER. About \$200,000,000 or \$300,000,000 more.

Mr. CAVICCHIA. Will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. CAVICCHIA. Some States levy a tax as high as 14 per cent, which is in addition to the gentleman's amendment.

Mr. RAMSEYER. Certainly. That is taken care of under existing law. This does not in one iota affect the present relationship between the States and the Federal Government.

Mr. CAVICCHIA. That was not my question. Some of the States collect plus 14 per cent maximum—

Mr. RAMSEYER. And that 14 per cent is deducted under the provisions of existing law. The provisions of existing law are not changed by my proposition for increasing the rates.

Mr. CAVICCHIA. My question is, Has the gentleman considered the addition of his tax to the 14 plus per cent tax now paid in certain States under existing law?

Mr. RAMSEYER. My dear sir, seven or eight years ago I made an exhaustive study of the inheritance tax laws of every State, and if the gentleman had been here—

Mr. CAVICCHIA. I am sorry to say I was not here.

Mr. RAMSEYER. He would have heard me speak on State inheritance tax laws. I have studied State laws; yes.

Mr. CAVICCHIA. And your conclusion is that with the tax you are proposing now and the tax now paid to the States it is less than the English tax?

Mr. RAMSEYER. Oh, certainly; no question about that.

Mr. McKEOWN. Will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. McKEOWN. Does the gentleman propose to offer an amendment to the gift-tax section?

Mr. RAMSEYER. No. The gift tax should be lower than the estate tax. Heretofore I have always stood for a gift tax. I thought it was a mistake in 1924 to put the gift-tax rates as high as in the estate-tax rates. There is such a thing as going too high on gift-tax rates, thereby rendering them unproductive. The same rule applies to income taxes. You can not, by merely writing high rates on incomes, collect a lot of money. That is, you will reach the point of diminishing returns. With estate taxes it is different; the law of diminishing returns does not apply. It is a matter of judgment. We do not want excessive rates, but we want reasonable rates, productive of large revenue.

Mr. McKEOWN. The gentleman knows that in a dissenting opinion in the Supreme Court yesterday it cited millions of dollars that have escaped us through the gift tax.

Mr. RAMSEYER. We have a gift tax in this bill, and I am for it. The only question the gentleman raised was whether I proposed to offer an amendment to increase the gift tax, and I answered that I did not.

Mr. CRISP. Mr. Chairman, will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. CRISP. I would like to say in answer to what the gentleman from Oklahoma [Mr. McKeown] said that the Supreme Court merely decided that the provision of law that gifts made within two years of death were presumed to be made in contemplation of death is unconstitutional. The Supreme Court has decided that Congress can pass a gift tax to take effect from the date of the passage and not be retroactive. That decision yesterday in no way affected the validity of the gift tax as set out in the bill.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. JOHNSON of Texas. What is the minimum amount not subject to tax under the gentleman's amendment?

Mr. RAMSEYER. Fifty thousand dollars net.

Mr. McGUGIN. If I understand the gentleman's amendment correctly, it is an additional and further tax to the tax now in existence under the revenue act of 1926.

Mr. RAMSEYER. It is an increase of that tax, but the rates of my amendment are not superimposed on existing rates.

Mr. McGUGIN. Under the tax as it now exists, the rate runs from 1 per cent to 20.

Mr. RAMSEYER. Yes.

Mr. McGUGIN. The gentleman's rate does not increase the maximum at the top from 45 to 65 or at the bottom.

Mr. RAMSEYER. No.

Mr. HAWLEY. In any bracket of the gentleman's proposal, the amount he states is the total tax to be paid.

Mr. RAMSEYER. Up to that bracket; yes.

Mr. WOLVERTON. Mr. Chairman, will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. WOLVERTON. I am in sympathy with the amendment you have proposed. You have indicated an interest in the administrative features of the present law relating to the collection of estate taxes so that the manner of such collection would not work an undue hardship or loss. Has the committee, in increasing the rates, taken that into consideration in this bill?

Mr. RAMSEYER. There has been no change in the administrative provisions.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. RAMSEYER. Just for one question.

Mr. SIROVICH. I think the whole House is interested in one matter which the gentleman can explain, and that is the difference between the gentleman's amendment which is No. 3, and Mr. Lewis's, which is No. 4. They both show that you can raise \$500,000,000.

Mr. JOHNSON of Washington. If enough people die.

Mr. SIROVICH. But the difference between the gentleman's amendment and the Lewis amendment is that between \$50,000 and \$500,000 the gentleman's proposal is more gradual, while his is a greater jump.

Mr. RAMSEYER. I do not know where the gentleman from Maryland got his figures. I submitted my rates to experts, and they estimated about \$500,000,000 annually would be collected.

Mr. SIROVICH. He says the same with his.

Mr. RAMSEYER. I think he said \$600,000,000 additional.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. RAMSEYER. I submit the following table of rates, which are self-explanatory:



Estate tax—Comparison of rates

Net estate (after exemption) <sup>1</sup>	Ramseyer rates	Present rates	Bill rates	British rates
	Per cent	Per cent	Per cent	Per cent
0-\$2,500	1	1	2	1
\$2,500-\$5,000	1	1	2	2
\$5,000-\$10,000	1	1	2	3
\$10,000-\$20,000	2	1	2	3
\$20,000-\$25,000	3	1	2	3
\$25,000-\$30,000	3	1	2	4
\$30,000-\$40,000	4	1	2	4
\$40,000-\$50,000	5	1	2	4
\$50,000-\$62,500	7	2	4	5
\$62,500-\$75,000	7	2	4	6
\$75,000-\$90,000	7	2	4	7
\$90,000-\$100,000	7	2	4	8
\$100,000-\$105,000	9	3	6	8
\$105,000-\$125,000	9	3	6	9
\$125,000-\$150,000	9	3	6	10
\$150,000-\$175,000	9	3	6	11
\$175,000-\$200,000	9	3	6	12
\$200,000-\$225,000	11	4	8	13
\$225,000-\$250,000	11	4	8	14
\$250,000-\$275,000	11	4	8	15
\$275,000-\$325,000	11	4	8	16
\$325,000-\$375,000	11	4	8	17
\$375,000-\$400,000	11	4	8	18
\$400,000-\$425,000	13	5	10	18
\$425,000-\$500,000	13	5	10	19
\$500,000-\$500,000	13	5	10	20
\$500,000-\$750,000	15	6	12	22
\$750,000-\$800,000	15	6	12	24
\$800,000-\$1,000,000	17	7	14	24
\$1,000,000-\$1,250,000	19	8	16	26
\$1,250,000-\$1,500,000	19	8	16	28
\$1,500,000-\$2,000,000	21	9	18	30
\$2,000,000-\$2,500,000	23	10	20	32
\$2,500,000-\$3,000,000	25	11	22	34
\$3,000,000-\$3,500,000	27	12	24	36
\$3,500,000-\$4,000,000	29	13	26	38
\$4,000,000-\$4,500,000	31	14	28	38
\$4,500,000-\$5,000,000	33	14	28	40
\$5,000,000-\$5,000,000	35	15	30	40
\$6,000,000-\$6,250,000	37	16	32	42
\$6,250,000-\$7,000,000	37	16	32	42
\$7,000,000-\$7,500,000	39	17	34	45
\$7,500,000-\$8,000,000	39	17	34	45
\$8,000,000-\$9,000,000	41	18	36	45
\$9,000,000-\$10,000,000	43	19	38	45
Over \$10,000,000	45	20	40	50

<sup>1</sup> Under Ramseyer amendment, \$50,000; existing law, \$100,000; bill, \$100,000.

British deduction, \$500.

Italic indicates brackets of Ramseyer amendment.

Sterling converted at \$5 for £1.

Mr. JOHNSON of Washington. Mr. Chairman, I desire to be heard in opposition to the amendment.

I ask unanimous consent that I may proceed for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. JOHNSON of Washington. Mr. Chairman, I asked that this blackboard be left in the well of the House for a moment in order that I might call attention to something that is quite accidental. The distinguished gentleman from Iowa [Mr. RAMSEYER] brought in this blackboard in order to make a diagram which shows four different methods of taking wealth away from the deceased.

The gentleman happened to bring in a board which had on it these pictures, which were used by the distinguished Member from Florida [Mrs. OWENS] to show the beauties of the proposed Everglades National Park, which, by the way, will be a charge, sooner or later, on the Federal Government. See the pictures. They have served her purpose. Now they will serve ours. See the beautiful fernlike trees. See the pretty birds, flying against the hazy blue sky. Why, these seem to be pictures of Elysium; almost a portrayal of Utopia, and the perfect state where there shall be no taxes, no riches, aye, no government—the ultimate outlined in all of the socialist textbooks, from those of Marx and Engels down to Henry George, but mostly in Marx's heavy volumes—Das Kapital. While I can not hope to outline to you Karl Marx's theories as they have been developed to fruition, and are now being carried on in many European countries, if you will read this book, the Terror of Europe, written this year, you will understand what I am driving at.

Mr. KELLER. Written by whom?

Mr. JOHNSON of Washington. By H. Hessel Tiltman, author of J. Ramsay MacDonald, and other volumes, and written from facts, not theories, and not filled with guesses

or predictions, you will get the last word about Stalin, Russia's "Man of Steel," the communist dictator of the Union of Socialist Soviet Republics. And about Italy, Hungary, Yugoslavia, the Polish Ukraine, the little "Liberia" in Italy, the forced labor camps of northern Russia, and so on. You will get the communistic trend, and the death and destruction of its wake.

I have not the time to tell you, but I can make the suggestion that, as far as I can see, the best thing that the Members of this Committee of the Whole House on the state of the Union, in consideration of this tax bill can do at this time will be to vote for the Ramseyer substitute for the Lewis amendment, on the ground that the Ramseyer substitute is less socialistic.

Mr. LEWIS. Will the gentleman yield?

Mr. JOHNSON of Washington. In just a moment.

Then you will have a chance, if you so vote, to fall in behind your Ways and Means Committee of 25 Members, who have labored hard in good faith, under extreme difficulties, to bring out a bill that will raise some revenue. If we are going to follow mere dreams, let us all be dead sure that we know what we are doing and where we are going.

I now yield to the gentleman from Maryland.

Mr. LEWIS. I have never been conscious, in discussions in this House, passionate though the discussions sometimes began, of throwing an epitaph—

Mr. JOHNSON of Washington. Not an epitaph, but an epithet.

Mr. LEWIS. At any other Member of this House, such as the gentleman has just thrown at me, and I want to let the gentleman from California—

Mr. JOHNSON of Washington. Not California, but Washington.

Mr. LEWIS. To let the gentleman from Washington now know—

Mr. JOHNSON of Washington. Let us be fair about it.

Mr. LEWIS. Will the gentleman wait until I am through?

Mr. JOHNSON of Washington. Well, really, I can not wait. I am making this particular speech. It is my time.

Mr. CLARKE of New York. Mr. Chairman, the regular order.

Mr. JOHNSON of Washington. I yield to the gentleman.

Mr. LEWIS. I want to let the gentleman from Washington know that perhaps he has failed to draw my size in this discussion and has only exposed his own.

Mr. JOHNSON of Washington. Well, be that as it may, Mr. Chairman, I said I believed that one amendment proposed as a substitute for this amendment was less socialistic than the other. If that is an epitaph or an epithet (laughter) it seems to have stung and cut deep. [Applause.] I am reminded, as a matter of fact, that proposal No. 4, on this blackboard diagram, the proposal of the gentleman from Maryland [Mr. Lewis] is an epitaph as to the possibility of much of an estate tax by any of the sovereign Commonwealths of this Union. [Applause.] Did not Mrs. Malaprop say something about "a nice disarrangement of epitaphs"?

What I want to say is this: Are we looking solely for revenue upon bases which are fundamentally sound, from the standpoint of economics, or are we indirectly and insidiously trying to thrust a form of social legislation on the people in the guise of taxation. Let us be honest with ourselves and with the Nation.

You will notice that the gentleman from Maryland [Mr. Lewis]—and I admire his talent and industry—said in his speech, while he was presenting his amendment, he preferred not to discuss the social features, the psychological features. I am trying to call attention to the fact that those features are here and are dangerous, and should be discussed.

Are we insidiously trying to thrust a form of social legislation on the people in the guise of taxation? That is the question, and do not forget it. We are offered several plans of increased graduated taxes upon those who are fortunate enough to be rich when they die. We are trying to do all this in Committee of the Whole. Not five men can



stand up here now and say what the various proposals really are, as indicated on the blackboard by the first straight line, the first hypotenuse, and this last, the double jumper. [Laughter and applause.] The Treasury of the United States needs money and needs it now, and the rich who die are taxed double in the bill of the Ways and Means Committee. But it is proposed to tax the dead rich four, five, or six times on top of the committee's 50 per cent increase, and some of you will want the rich to die now to fill the Treasury, or, perhaps, give 30 days' notice and then die, to be stripped to the shroud. [Laughter.]

No, Members, this is not a matter for laughter. It is most serious.

[Here the gavel fell.]

Mr. JOHNSON of Washington. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. RANKIN. Mr. Chairman, reserving the right to object, how much time is left?

The CHAIRMAN. There is no limit on the time.

Is there objection?

There was no objection.

Mr. JOHNSON of Washington. Mr. Chairman, I have been talking over on the Democratic side, and now, Mr. Chairman, I shall step across the aisle and speak to my Republican brethren. Speaking on the question of inheritance taxes before the National Tax Association in Washington on February 19, 1925, Mr. Coolidge, then President of the United State, said—you see, this thing has been brewing for a long time:

If we are to adopt socialism it should be presented to the people of this country as socialism and not under the guise of a law to collect revenue. The people are quite able to determine for themselves the desirability of a particular public policy and do not ask to have such policies forced upon them by indirection.

Mr. CAMPBELL of Iowa. Will the gentleman yield?

Mr. JOHNSON of Washington. Yes; I yield.

Mr. CAMPBELL of Iowa. Is the gentleman against all inheritance taxes?

Mr. JOHNSON of Washington. I am not, of course. But inheritance taxes can be laid with reason. The bill as reported doubles the inheritance tax. There are some who would lift taxes into a straight-out capital tax; that is, so that as taxes are paid the principal is eaten into and finally it is gone. No county commissioner from away back would do that.

Mr. CAMPBELL of Iowa. Will the gentleman from Washington yield again?

Mr. JOHNSON of Washington. I will ask the gentleman to let me proceed. Mr. Chairman, I can not yield any further. There are a great many western men here. We live, prosper, and develop on borrowed money. If we tax estates beyond a certain point, we will create a desire on the part of those who have accumulated large sums of money to dissipate those sums before they die. They quit investing; and if they do that, we dissipate the chances for development.

Mr. BLANTON. Will the gentleman yield?

Mr. JOHNSON of Washington. Yes; I yield.

Mr. BLANTON. May I ask whether or not the gentleman from Washington is for the committee bill?

Mr. JOHNSON of Washington. I am, with the amendments as to manufacturers' tax on canned foods and the cheaper clothing and shoes.

Mr. BLANTON. Everyone who is for the committee bill as it is written is naturally against the raising of taxes on estates and against us who are fighting against the sales tax.

Mr. JOHNSON of Washington. Oh, no. The gentleman is not stating my position correctly or treating me fairly. It so happens I was one of the first to lead in the movement to lift the tax on canned fruit, canned vegetables, canned fish, and canned meats. But I did not have to help tear the bill to pieces in order to get that relief. There are other ways to win than by raring, bucking broncho insurgency.

However, I am not concerned or alarmed about all of this excitement, about all this hubbub over this tax bill, for

I am satisfied that even the bill as written, even with the amendments adopted the other day, and the other amendments to be proposed and adopted, will not even then raise sufficient revenue. We are tearing an extreme tax bill all to pieces. Great revenue does not drop into the Treasury when we in Congress say "Great revenue, drop into the Treasury now, instantan." No. I have a letter from the Secretary of the Treasury, Mr. Mills, in response to eight specific inquiries propounded by me. He tells how the debt is increasing.

Mr. BLANTON. The gentleman said he had a letter from Ogden Mills, who favors this sales tax.

Mr. JOHNSON of Washington. I can not yield, please.

This bill, with all the high-sounding brackets the House has shot into it, will not anywhere raise the revenue. The other legislative body will hold hearings on this bill for weeks, debate it for still other weeks, amend it, and it will be worse.

Mr. Chairman, after we have stricken out the manufacturer's tax, voted down the proposed beer tax, elevated all income taxes, and raised estate taxes we will come back here some day all too soon and find it necessary to raise more revenue in some of the very ways we are now throwing into the waste basket.

Now, Mr. Chairman, I have a letter of mine written a month ago, containing eight questions asked of the Secretary of the Treasury, and I have his reply. My time has about expired. In addition to extending my own remarks, I ask unanimous consent to print these letters.

The CHAIRMAN. The gentleman from Washington asks unanimous consent to incorporate as a part of his remarks the documents referred to. Is there objection?

Mr. RANKIN. Mr. Chairman, reserving the right to object, if the Ramseyer substitute were adopted would the gentleman be in favor of the bill?

Mr. JOHNSON of Washington. I will vote for anything that will get anywhere near the necessary revenue in a reasonable way, and I will go along with the trained and experienced members of the Ways and Means Committee who have acted with nerve, with dignity, and with reason.

The CHAIRMAN. Is there objection?

Mr. BLANTON. Mr. Chairman, reserving the right to object, and I shall not object, I want to ask the gentleman from Washington whether or not his people back home are in favor of the sales tax?

Mr. JOHNSON of Washington. They favor a balanced Budget. They want the credit of the Government maintained; they want its sovereignty maintained, its defense kept up, and business from top to bottom given an ordinary chance, so that the wheels may go round, pay rolls resume, commodity prices come up, and normal living be restored.

They do not want sovietism or a dictatorship or too much government. Oh, if I had but five minutes more to speak, I could tell the gentleman that back in the offing and behind this insurrection in the House is the desire, not to raise money by taking it from the rich as taxes, but a desire to actually take away the property of the rich. Socialism, and then some! I ask you to study this, think about it, and 10 years from to-day, if you live, please read this CONGRESSIONAL RECORD as to this day's proceedings. [Applause.]

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. JOHNSON of Washington. Mr. Chairman, a short time ago I addressed a letter to the Secretary of the Treasury, Hon. Ogden L. Mills, requesting information on several questions which were propounded as follows:

1. Estimate deficit for the fiscal year ending June 30, 1932?
2. What was the Treasury deficit for the fiscal year ending June 30, 1931?
3. How was that deficit cared for?
4. If bonds were issued then, in what amount and under what provisions of law?
5. How long do those bonds run and at what rate of interest?
6. What, if anything, is there in the Treasury to the credit of the soldiers' bonus?
7. What amount will be necessary to pay the remaining portion of the soldiers' bonus in full?



I received a reply from the Secretary of the Treasury with several explanatory tables inclosed. His letter is as follows:

TREASURY DEPARTMENT,  
Washington, March 18, 1932.

MY DEAR CONGRESSMAN: I acknowledge receipt of your letter requesting information concerning the deficit for the fiscal years 1931 and 1932, and also information concerning the soldiers' bonus.

There is transmitted herewith a copy of the Annual Report of the Secretary of the Treasury for the fiscal year 1931, in which your attention is called to the statement appearing on pages 25 and 26. You will note that the deficit for the fiscal year 1931 amounted to more than \$902,000,000, and that the deficit for the fiscal year 1932 has been estimated at over \$2,122,000,000. This last-mentioned figure does not include any funds required on account of legislation passed since the publication of the Budget in December, such as payments on account of subscriptions to the capital stock of the Reconstruction Finance Corporation and the Federal land banks, which may amount to \$625,000,000. In addition, a recent revision of estimates for internal revenue and customs receipts shows a decline of \$117,000,000 from the estimates submitted in the Budget, which will have the effect of further increasing the deficit by that amount.

The deficit for the fiscal year 1931 was cared for entirely by borrowing, as will also be the case during the fiscal year 1932. It is not possible to state what particular issues of Government securities are for the purpose of covering the deficit in receipts. The Treasury generally bases its borrowings on its estimated needs for a three months' period and through these borrowings the deficit is automatically taken care of.

During the fiscal year 1931 the Treasury, in addition to its short-term borrowings, issued on March 16, 1931, \$594,230,050 face amount of 3% per cent Treasury bonds of 1941-1943. On June 15, 1931, there was an issue of 3% per cent Treasury bonds of 1946-1949, aggregating in face amount \$821,406,000, and on September 15, 1931 (fiscal year 1932), there was an issue of 3 per cent Treasury bonds of 1951-1955 in the aggregate face amount of \$800,423,000. No further issues of bonds have been made since September 15, 1931.

In this connection there is transmitted herewith a copy of the statement of the public debt of the United States for December 31, 1931, from which you can readily ascertain the dates and amounts of the issues of securities during the fiscal years 1931 and 1932 which are still outstanding. There is also inclosed a copy of the Daily Statement of the United States Treasury for February 29, 1932, in which, on page 4, you will find a preliminary statement of the public debt for that date. The 3% per cent Series A-1932 certificates of indebtedness maturing August 1, 1932, in the amount of \$227,631,000 and the 3% per cent Series A-1933 certificates maturing February 1, 1933, in the amount of \$144,372,000, have been issued since the statement of December 31, 1931. All of these obligations have been issued under authority of the Liberty bond acts, as amended.

You will note from the preliminary statement of the public debt shown on the Daily Statement of the United States Treasury for February 29, 1932, that there are in the adjusted-service certificate fund 4 per cent obligations in the amount of \$167,200,000. As the Veterans' Administration needs funds with which to make loans to veterans or to pay death benefits, these obligations are redeemed by the United States Treasury and the funds placed to the credit of the Veterans' Administration. This is the only fund in the Treasury held for account of the adjusted-compensation certificates.

Up to February 29, 1932, there has been approximately \$900,000,000 loaned out of this fund to the veterans under authority of the act of February 27, 1931, which liberalized the loan provisions of the adjusted-compensation certificates. This sum does not include loans made from the Government life-insurance fund. In this connection there are transmitted herewith statements showing certain information regarding loans to veterans on account of the adjusted-service certificates.

The Veterans' Administration is in a position to furnish you accurate figures on the amount required to pay the remaining portion of the soldiers' bonus in full, but the Treasury is glad to furnish for your information the following estimated round figures. As stated above, there has already been loaned to the Veterans approximately \$900,000,000 of the adjusted service certificate fund, and there is available in the fund at this time the sum of \$167,200,000, making a total of over \$1,067,000,000 made available by Congress for the adjusted service certificate fund. It has been estimated that the face value of the adjusted-service certificates outstanding amounts to approximately \$3,500,000,000. Deducting the above-mentioned funds which have already been made available and eliminating for the purpose of this computation the accrued interest on loans that have been made and are now outstanding leaves approximately \$2,400,000,000, which would be required in appropriations to pay the veterans' adjusted-compensation certificates in full.

Very truly yours,

OGDEN L. MILLS,  
Secretary of the Treasury.

HON. ALBERT JOHNSON,  
House of Representatives, Washington, D. C.  
Inclosures.

The following table gives the status of the adjusted service certificate fund from February 28, 1931, to February 29, 1932:

Adjusted service certificate fund—February 28, 1931, to February 29, 1932

Available funds:	
In fund Feb. 28, 1931—	
Cash.....	\$20,461,416.75
Securities.....	735,400,000.00
Available Feb. 28, 1931.....	\$755,861,416.75
Appropriation Mar. 4, 1931.....	112,000,000.00
Appropriation Dec. 21, 1932.....	200,000,000.00
	312,000,000.00
Interest collected—	
Treasury investments.....	11,439,522.18
On loans.....	1,686,330.17
	13,125,852.35
Available between Feb. 28, 1931, and Feb. 29, 1932.....	1,080,987,269.10
Net expenditures from Feb. 28, 1931, to Feb. 29, 1932:	
Death benefits.....	\$20,605,943.46
Bank loans redeemed (net).....	\$4,897,519.04
Direct loans to veterans.....	883,231,112.52
Total loans from fund.....	888,128,631.56
	908,734,575.02
Balance available Feb. 29, 1932.....	172,252,694.08
Cash balance.....	\$5,052,694.08
Securities.....	167,200,000.00
	172,252,694.08

MARCH 11, 1932.

The statement below sets forth the total amount of loans made to veterans under the original adjusted compensation act as well as the amendatory act of February 27, 1931, providing for the payment of 50 per cent of the face value of the certificates.

Total loans to veterans

From adjusted-service certificate fund since Feb. 28, 1931.....	\$878,809,266.40
Redeemed bank loans prior to Feb. 28, 1931.....	11,398,621.20
	890,207,887.60
From Government life-insurance fund:	
Unliquidated loans made prior to Feb. 27, 1931.....	\$281,684,914.17
Net loans under act of Feb. 27, 1931.....	61,966,421.59
Total net loans from Government life-insurance fund.....	343,651,335.76
Total net loans through Veterans' Administration.....	1,233,859,223.36
Estimated loans held by banks.....	75,000,000.00
Total loans from all sources (partly estimated).....	1,308,859,223.36
Number of certificates outstanding	
Total number of certificates issued.....	3,658,527
Number of certificates matured on account of death.....	122,574
Total number of certificates outstanding Jan. 31, 1932.....	3,535,953
Total number of certificates held as security for loans—	
By the Government.....	2,454,741
By the banks (estimated).....	175,000
	2,629,741
Number of unpledged certificates (partly estimated).....	906,212
MARCH 10, 1932.	

Inasmuch as the statement of the condition of the United States Treasury is issued daily in circular form, I have not inserted one of these, but desire to call attention to the fact that all daily statements as to the receipts since March 15 from income-tax returns show a very heavy drop as compared with last year's receipts, compared day by day. The deficit is increasing.

Knock out the carefully thought-out manufacturers' tax, which has the license plan to prevent pyramiding of the tax, and which now has food and clothing exempted from

<sup>1</sup> It is estimated that of this number 200,000 certificates are not eligible for loans because effective less than two years.



tax, and you will have to reach here, there, and everywhere for taxes, many of which will be excise taxes, which will have to be taken "right on the nose" by the purchaser as he buys, and you will hear from it everywhere you turn. I do not object to high income taxes or high profit taxes, but I do think that a mistake can be made in levying such taxes too high—that is, if you really desire to raise the enormous sum of tax money needed to even approximately balance the Budget.

Mr. CRISP. Mr. Chairman, I ask unanimous consent to speak for 10 minutes. [Applause.]

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CRISP. Mr. Chairman and my colleagues, I am not conceited enough to arrogate to myself the ability to change the views of any man in this House on this amendment. However, I would be recreant to my duty as I understand it if I did not present a few thoughts to you in connection with these amendments.

The amendment of my friend from Maryland [Mr. LEWIS] applies income-tax rates to accumulated estates.

Mr. LEWIS. Will the gentleman yield?

Mr. CRISP. No; I will not.

Mr. LEWIS. The gentleman is in error in that statement.

Mr. CRISP. I will not yield. The gentleman applies graduated income-tax rates to estates over \$50,000. Now, what is the effect of that, gentlemen? It is treating the accumulation of years as income for one year. The graduated income-tax rate is based on your net earnings for one year while estate taxes are based on your life's accumulations. You may by your industry and frugality have saved during a long life \$100,000, \$200,000, or \$300,000 to leave to your wife and children. It is not net income for one year. Those rates apply to your life's accumulation. I am, of course, against that amendment. [Applause.]

The amendment of the gentleman from Iowa increases the rates recommended by the committee, and I understand that my friend from Iowa claims his amendment will raise about \$200,000,000 in a full year more than the amendment recommended by the committee.

The amendment recommended by the committee doubles the estate tax and attaches the maximum of 40 per cent to estates in excess of \$10,000,000.

It is estimated by the Treasury Department that the committee's amendment in a full year will raise \$150,000,000. The Treasury Department advises me that the estimates that my friend from Iowa [Mr. RAMSEYER] has made by the staff of the Joint Committee on Internal Revenue Taxation, and were based on business values in 1930. Of course, the value to-day of stocks, bonds, and all other property is much lower than it was in 1930, and therefore I do not believe his estimate is actually correct, although it was furnished to my friend. I am simply pointing out this difference. The Treasury estimates were based on values in 1925.

May I read you what Thomas Jefferson said?—

To take from one because it is thought that his own industry and that of his fathers has acquired too much, in order to spare to others who or whose fathers have not exercised equal industry and skill, is to violate arbitrarily the first principle of association, "the guaranty to every one of a free exercise of his industry and the fruits acquired by it."

[Applause.]

Mr. RANKIN. Will the gentleman yield?

Mr. CRISP. No; I do not yield now.

I can add nothing to what I have said. Oh, gentlemen, I have no wealth, neither have I a brief for the wealthy class, but I do say that wealth is what enables factories, industries, railroads, and others to operate and to furnish employment to many of our good citizens.

I hope both the amendment of the gentleman from Maryland and the amendment of the gentleman from Iowa will be rejected, and that the rates proposed by the committee doubling the estate tax will be agreed to.

Mr. CROWTHER. Mr. Chairman, of course the specific purpose of this bill is to raise sufficient revenue to balance the Budget. Other subject matter has been introduced

that is undoubtedly extraneous, but revenue is its prime objective.

I think on a serious matter of this kind we ought to apply the ordinary rules of common sense. In the surtax rates we applied rates that we thought dangerously approached the point of diminishing returns.

It is not inconceivable that the general public and those who have money and who are in business, with the vision before them of extortionate rates of this kind, when their estate is finally liquidated will see to it that there is not so much increment to be divided among their relatives at the time of death, and they will endeavor to distribute it in some other way.

There is only one material advantage that I see in the Lewis amendment, and that is it would be a constant urge to everybody in the United States that has accumulated a fortune to keep on living and not to die. [Laughter and applause.] You had better stay here under that kind of a rate and enjoy it for a while.

The distinguished leader, Mr. RAINY, said the other day that after 20 years of research in tax matters he had discovered the answer with regard to raising money is that you are to get the most feathers with the least squawking of the goose. Here is a case where the goose can not squawk—it is dead—and, of course, it is considered an easy method of securing the money. There is nobody to find any fault. The goose or gander, whichever it may be, can not squawk any longer. Now, the gentleman from Mississippi [Mr. RANKIN] has just made one of his characteristic appeals here on behalf of the toiling masses and the burdens of the toiling masses of the country, and let me say to the gentleman from Mississippi that he and the rest of the Members of this House know that the toiling masses of this country have just as much common sense, just as much patriotism, just as much loyalty as he has, and they are just as willing, in an emergency, to subscribe their share of an equitable tax as any of the rest of the population of the country. [Applause.] You do not get very far with these constant appeals in behalf of the toiling masses. They do not want these demagogic appeals made in their behalf. I remember a few years ago when we had this estate tax before us, Chairman Green, of Iowa, espoused this tax. It was the only proposition on which the chairman, Mr. Green, and the distinguished Speaker of this House, Mr. GARNER, were in accord 100 per cent. They were both strong for the estate tax. But just look at the rates they had at that time. Why, I said a few moments ago to the former chairman of the committee, Judge Green, "You were a mild-mannered hold-up man with the rates you advocated at that time, as compared with Captain Kidd and his band of pirates who appear here to-day under the leadership of the gentleman from Maryland." [Laughter and applause.]

Mr. McGUGIN. Mr. Chairman—

The CHAIRMAN. The Chair recognizes the gentleman from Kansas for five minutes.

Mr. O'CONNOR. A point of order, Mr. Chairman. Under the rules, the proponent is allowed five minutes in favor of a proposition and the opposition five minutes against the proposition—

The CHAIRMAN. The Chair understands the gentleman from Kansas desires to offer a substitute for the amendment of the gentleman from Iowa.

Mr. O'CONNOR. I did not know that.

Mr. McGUGIN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. McGUGIN as a substitute for the amendment of the gentleman from Iowa [Mr. RAMSEYER]: Strike out the first five brackets of subsection (b) and section 2.

Mr. McGUGIN. Mr. Chairman, this amendment which I have offered to the Ramseyer amendment simply says that the inheritance-tax rate as provided by his amendment will begin with an estate of \$100,000, rather than \$10,000.

Mr. RAMSEYER. Will the gentleman yield for a correction?

Mr. McGUGIN. Yes.



Mr. RAMSEYER. How much of an exemption does the gentleman seek?

Mr. McGUGIN. I understand the gentleman's amendment begins at \$10,000.

Mr. RAMSEYER. Oh, no; paragraph (c) the exemption is \$50,000.

Mr. McGUGIN. Then why, if you are going to exempt ten, twenty, thirty thousand dollar estates, why have these estates absorbed by an exemption?

Mr. RAMSEYER. The \$10,000 is above the exemption.

Mr. McGUGIN. Well, Mr. Chairman, in that event, I will ask to withdraw my amendment.

The CHAIRMAN. The gentleman from Kansas asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.

Mr. McGUGIN. Now, Mr. Chairman, I would like to rise in favor of the Ramseyer amendment.

Mr. O'CONNOR. Mr. Chairman, I make the point of order that the time has been exhausted under the rule.

The CHAIRMAN. The Chair is familiar with the rule, and the Chair sustains the point of order.

Mr. LEWIS. Mr. Chairman, I ask unanimous consent that I may address the House for 10 minutes.

The CHAIRMAN. Is there objection?

Mr. CLARKE of New York. I object.

Mr. LaGUARDIA. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The Chair recognizes the gentleman from New York and calls his attention to the fact that the last word is \$50,000. [Laughter.]

Mr. LaGUARDIA. Mr. Chairman and gentlemen, I hope the membership will not be too technical in holding me to the \$50,000 when we are discussing estates of \$100,000,000 and more.

All this talk about the confiscation of property and about the destruction of wealth, I want to say in all kindness, has been just a bit overdone. I submit that any proposition which is contained in the Ramseyer amendment, which provides for a tax of 45 per cent on estates of over \$10,000,000, is certainly not sufficient justification to wave the flag and denounce its proponents as radicals. [Applause.] I refuse to admit that only legislation which creates special privileges is constructive. There has been too much special privilege in the past. Since when are Members to be classified as constructive and patriotic only when they sponsor legislation beneficial to large fortunes?

After all, the right of inheritance is a right given by the State, and without that right there would be no inheritance.

Mr. McGUGIN. Will the gentleman yield?

Mr. LaGUARDIA. No; I do not yield.

Now, let me give you a few instances in the last two years of large estates, taken at random from press reports. I cite these cases only to indicate the size of the fortunes and estates and in no way to reflect on the decedents. They were all no doubt well thought of in their respective communities. Thomas B. Slick died August 17, 1930, leaving an estate of \$75,000,000. Dr. J. T. Dorrance, of the Campbell Soup Co., died September 21, 1930, leaving an estate estimated at \$200,000,000. W. P. Foss, of the New York Trap Rock Corporation, died September 21, 1930, leaving an estate of \$30,000,000. Daniel Guggenheim died September 29, 1930, estate not yet estimated, but it is reported that it will run in eight, if not nine, figures. Ella von E. Wendel, died March 15, 1931, estate of \$100,000,000, with no known heirs or next of kin living, though it seems thousands of next of kin are now scrambling for the estate. George F. Baker, died May 2, 1931, estate of \$75,000,000. Rodman Wanamaker, died within a year and a half, estate of \$41,790,544. Payne Whitney, died May 25, 1931, estate of \$239,301,017. E. H. Gary, died August 13, 1931, estate of \$22,579,521. W. M. Wright, died August 28, 1931, estate of \$60,000,000. Samuel Mather, died October 19, 1931, estate of \$50,000,000. Abraham Erlanger, died March 7, 1930, estate of \$75,000,000. Edward Bok, died January 9, 1931, estate of \$23,718,981. Some of those who have died whose estates have not yet

been estimated, are Colonel Friedsam, head of B. Altman & Co., died April 8, 1931, estate of over \$50,000,000; Isaac Gimbel, who died April 12, and others. These are taken at random, from all sections of the country.

There is no feeling between the adherents of the Lewis amendment and the adherents of the Ramseyer amendment. These two gentlemen worked out the two propositions, two plans for an inheritance tax, and the difference is very slight. Under the Lewis plan the maximum rate is reached at \$500,000, while under the Ramseyer plan the maximum is reached at \$10,000,000.

Mr. LEWIS. And that is what it is now under the present law.

Mr. LaGUARDIA. No; there is a very material increase as the discussion on the subject has already indicated. Both the gentleman from Maryland [Mr. LEWIS] and the gentleman from Iowa [Mr. RAMSEYER] are entitled to the thanks of their colleagues for their work and labor on this subject and have made a distinct contribution to this bill. The increase in the inheritance-tax rate is in keeping with our program to eliminate the sales tax provision and with the policy not only to raise needed revenue but to establish social legislation which will eventually prevent the concentration of wealth of the Nation into the hands of a few families. [Applause.]

Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

Mr. MARTIN of Oregon. Mr. Chairman, I object.

Mr. LEWIS. Mr. Chairman, I rise in opposition to the LaGuardia amendment.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. LEWIS. Mr. Chairman, I shall not yield to a feeling natural under the circumstances. I thought I had presented this subject dispassionately and endeavored to present the actuarial features involved in it. The difference between the Ramseyer amendment and that which I propose is fundamental. The maximum rate of 40 per cent is reached at \$500,000 in the case of my amendment but is not reached until the \$10,000,000 point in the case of the Ramseyer amendment. This is the trouble with the present law; it is the trouble with the proposal of the committee; the maximum rate is so long deferred that the great body of the estates is passed by before a rate of taxation is reached that will give us revenue. Let me call attention to a few facts here that ought to prove decisive. Do you realize, you representatives of 120,000,000 people, that the amount of estates taxed in the United States at this time is about two and one-half billion dollars, while it is \$2,900,000,000 in Great Britain, with one-third of our population.

What does that mean? That about two-thirds of the estates of decedents in the United States entirely escape under the present statute the application of any rates at all.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. I do not. This is a question not of a social purpose but with me one of being just to the United States Treasury in the moment of its greatest need. I asked Mr. RAMSEYER to yield that I might learn the yield under his amendment, but he declined. The yield I have given to you is the yield estimated by men of a staff competent to make these calculations, and it shows that we will have \$355,000,000 more revenue under the amendment I propose than we would have under the proposal of the committee. It would take the place, substantially speaking, of the present sales-tax schedule. Mr. RAMSEYER's amendment in its yield is indefinite. Both our income-tax rates and our inheritance-tax rates have been written from two points of view—antimillionairism with regard to the rates at the top and a disposition to coddle the middle classes with low rates at the bottom. Listen to a report, made under the direction of Congress, on our income-tax rates as compared with the British rates. On \$4,000 net in the United States, as compared with the rate in Great Britain, the British payment under the present law is fifty-eight and a half times



as great as the American payment. On \$7,000 the British payment is twenty-one times the American payment. On \$10,000 it is 14 to 1; on \$20,000,  $6\frac{1}{2}$  to 1; on \$30,000, 5 to 1; on \$80,000,  $2\frac{1}{2}$  to 1; and \$100,000,  $2\frac{1}{4}$  to 1. The current law on inheritance and income taxes in the United States might just as well be entitled "Laws to exempt the middle classes of the United States from their just burdens of taxation."

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. LEWIS. Mr. Chairman, I ask for enough time to finish a concrete illustration.

Mr. CLARKE of New York. Mr. Chairman, I shall have to object.

Mr. CONNERY. Mr. Chairman, I move to strike out the last three words of the Ramseyer amendment. I have the honor and privilege of belonging to the Captain Kidd Lewis group, to which the gentleman from New York [Mr. CROWTHER] referred. I consider it one of the finest privileges that has come to me since I have been a Member of Congress.

I listened to my distinguished colleague from Georgia quote from Thomas Jefferson. That is the first quotation I ever heard the gentleman read, or the first statement I ever heard the gentleman make which I was really surprised at, coming from the intellect of the gentleman from Georgia, for whom I have a real admiration and respect. If we followed out the principles now as set out in the document which he read—I repeat, if we follow it out to its logical conclusion to-day—then the gentleman from Georgia is telling us that the man who is so unfortunate in his birth that he is obliged to go into a factory and merely has the opportunity of earning a daily low wage, striking at one nut or fixing one part of a machine, through no fault of his own, not being born with a silver spoon in his mouth and not being given the opportunity of a college education, we should not tax the son of any of the big multimillionaires of the United States to prevent privation and want in the families of those who did not have the advantage of being born rich. That man's children, when he goes to work, must go hungry. They must starve for fear we might interfere with the vested interests of the multimillionaires of the United States. We who favor these amendments have been termed communists, reds, and socialists.

I am not a socialist, but I never worry about being called a socialist, because I have found out that every time you attack the vested interests of the country the smoke screen is put out that you are a red, you are a bolshevist, you are an anarchist. That is done to keep from the people the truth of what is really being done to labor. I noticed by the headlines in the papers throughout the country that the House was in a terrible turmoil and disorder last Saturday. It is always in turmoil and disorder in the headlines when it begins to take money from the pockets of the rich.

Mr. ABERNETHY. We are a mob.

Mr. CONNERY. We are a mob whenever we attempt to put up the surtaxes on the rich. But when we cut down taxes under the Mellon plan and when we reduce their taxes the story goes out in great head lines that the House proceeded in a very orderly and gentlemanly manner to-day to help save the fortunes of the rich in the United States.

Mr. CRISP. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. CRISP. I know the gentleman has as kindly a feeling for me as I have for him. Is not that one of the greatest things in our beloved country that every man works out his own status in life; and is it not true that many of the millionaires, many of the intellectual leaders of the Nation, many of the Members of this House never went to college, were not born with silver spoons in their mouths, but worked out their own standing in their community and accumulated what they have? [Applause.]

Mr. CONNERY. That is absolutely true. But I will ask the gentleman to tell me how many millionaires there are in this House of Representatives? [Applause and laughter.]

Mr. CRISP. I am unable to answer, but I can assure the gentleman that I am not in that class.

Mr. CONNERY. And I will tell the gentleman that I am below him in that class. [Applause.]

Now, I have no desire further to take up the time of the House, except to say that I am in favor of the Lewis amendment and I am happy at the opportunity to be in that Captain Kidd Lewis class and vote for the Lewis amendment to tax huge estates and use that money for the common good of the people.

Mr. CRISP. Mr. Chairman, may I see if we can come to some understanding as to the closing of debate on these amendments?

I ask unanimous consent, Mr. Chairman, that the debate on the pending amendments close in 15 minutes. The gentleman from Massachusetts [Mr. GIFFORD] wishes five minutes, the gentleman from Oregon [Mr. HAWLEY] five minutes.

Mr. RANKIN. Does the gentleman mean the substitute?

Mr. CRISP. The two amendments.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that all debate on the pending amendment and the Ramseyer substitute close in 15 minutes. Is there objection?

There was no objection.

Mr. GIFFORD. Mr. Chairman, I wish to express a particular thought which has been running through my mind during the past two or three days. A few days ago the gentleman from Maryland talked much about special privilege. He was "agin it." But to-day he, with many others, seems to believe thoroughly in special penalties. It seems to me highly inconsistent to favor patent special penalties and protest supposed or apparent special privileges. If either one is worse than the other, special penalties should be more condemned than special privileges created through an attempt to protect industry by means of a tariff.

In the last tax bill we recognized the rights of the States in the field of inheritance taxes and credited them with 80 per cent. Has not the committee gone far enough to satisfy everybody when it doubles the last tax imposed and "takes it all," giving the States no portion of this additional amount?

In this form of taxation there is a lack of comity among the States. Certain ones take a portion of a nonresident's tax if the property of the corporation of which he may own shares is located in whole or in part within that State. Nonresidents are taxed in various ways under inheritance laws, and executors find it most difficult to obtain releases and settle such various claims in order to make final distribution. The advice is given us, "Die in your own State; have all your securities in a safe deposit box in that State; have all your securities in corporations organized in that State, and see to it that such corporations own property located only in the same State or else your executor will have to pay as well the various and complicated taxes levied by other States."

We know these conditions. The States have inheritance tax laws of various rates and in various forms which must be satisfied. I repeat that having doubled the amount of this tax and given nothing of the extra amount to the States, we have gone far enough.

It is not within our rights to assail special privileges when we are now so enthusiastic about imposing special penalties on both individuals and classes. [Applause.]

Mr. PATTERSON. Mr. Chairman, all of this talk about the confiscation of wealth and all such, in my judgment, is to drag a red herring across the trail. I feel this is a great day in the history of our country and a lot will be determined as to how we act here to-day. And I believe that if I understand the temper of this House, we will act in the interest of America by raising these inheritance and estate tax rates.

When some Members of Congress propose to levy a sales tax, which will add a burden on the poverty and necessities of our country, I feel that certainly there can be no objection to a proposal to levy a 45 per cent tax on estates of



\$10,000,000 and over and that certainly is no excuse for calling it socialism.

In my judgment, the Ramseyer amendment and the Lewis amendment do not go far enough. Why should you levy the same rate of inheritance tax on estates of \$500,000 as you do on estates of \$100,000,000, as some of these estates are? I think we should have an amendment to the amendment raising that levy when we get into the higher brackets and not stop at \$500,000. The Ramseyer amendment stops at \$10,000,000. Why should we stop at \$10,000,000 and leave the same rate on estates of \$200,000,000 or nearly a half billion dollars as we have on an estate of \$10,000,000?

My friends, it seems to me that to-day we might refer back to the time of old Joshua, when his forces were mustered on the plains of Jordan to assail the walls of Jericho. I feel that we here to-day will show that we are in favor of a tax system which will help America to come more and more into her own for equal opportunities, as was intended by the Constitution.

A great many Members of this House have taken the floor and spoken about the great concentration of wealth in this country. I am one who believes the concentration of wealth and abuse of wealth have caused some of the evils which we face to-day.

There is only one way to get at these great estates and this great wealth. We can not take it away from them and divide it among our people. We do not stand for that, but stand for a system which will remedy the situation. We can remedy these things by taxation. Taxation has two purposes. One is to raise revenue, and we propose to raise revenue under this bill.

I do not see how anyone can object to raising the rates on these great estates, especially when it is proposed to levy a toll or tax of \$15 or \$25 annually on the necessities of life, which would fall heavily on people who are earning only \$1,000 a year. The fact is, that people in my section earn much less than that, the farmers and the laboring men, have almost no income; it has nearly reached the vanishing point, and I for one do not propose to make that burden heavier by adding the weight of this iniquitous sales tax to the people I represent or the people of this country. They say it is easily collected. Sure, for the people will not have high-priced lawyers to try to find loopholes and resist. They are patriotic and will pay, but I shall resist for them to the last the levying of such a tax. Many are walking the streets without work, and yet it is proposed to tax the shoes they must wear and the other things they must buy. I dissent, gentlemen of the Congress, and say the levy we propose here is not near the burden it would be if we put on this sales tax.

Mr. RAMSEYER. Will the gentleman yield for a statement?

Mr. PATTERSON. Yes.

Mr. RAMSEYER. I have had many Members ask me the time in which estates may be settled. The law is one year and six months added without interest, and the commissioner, upon a showing of hardship, can extend that period for three more years. That makes four and a half years all told.

Mr. PATTERSON. I thank the gentleman for that contribution.

Now, members of the committee, the second reason: Apportion the tax where it has to be levied, as it does in all civilized countries, so as to make those most able to pay bear the burden of taxation. This in effect is a social purpose, and its aim in a country with large concentrated wealth, as we have here, is to prevent the further concentration and give the great masses who have now only a small amount of the wealth an opportunity to acquire an income sufficient to have a home and rear a family. Mr. Chairman, I believe every American who works and does his duty and supports the Constitution and the laws and makes his contribution as an American citizen has the right to a home, and to rear a family and prepare them for life and its responsibilities. I do not believe any Member of this House will take the posi-

tion that with the large concentration of wealth, as has been outlined in previous speeches by a number of gentlemen of this House, it is not getting more and more difficult to do this.

In view of this fact I for one stand unqualifiedly now, as I have in the past, to remedy this system as best we may under the laws and Constitution of our great country. So I support a higher estate tax than that recommended by the committee, believing that this is one way of helping bring that about.

I believe we are all agreed that more in wages and income among the great masses of people is needed in this country to increase the purchasing power of our people who are in need. Talk about improving business, what it needs. This will do that. And will anyone question the fact that a sound tax system will contribute to cause these men to put more in wages and thereby make a social contribution to our country? True, this blessing, wealth, is to promote industry and pay wages, which will help men build homes and support families. And, I believe that the right kind of taxes will cause that to be done. I have therefore supported these increases on higher incomes and estates.

Then, finally, will anyone take the position that most of these great estates which have been built up were not accelerated by concessions in many instances given by governments? In all instances they have had protection, and in a great many instances gifts and concessions worth millions; and then, too, I wonder if there are any here who remember the thievery practiced in the old days by selling stock for public-utility developments and then the freeze out, and such like. Then the large pressure on legislatures and city governments—many of these concessions have helped build up these great fortunes. And then, too, as the estates become larger they get international concessions and demand the Army and Navy to defend them. I doubt not there are in our country to-day certain great companies which, if the truth were known, have cost our Government almost as much as 50 per cent of their great estates to defend and protect them in their ruthless methods.

Mr. Chairman, for these reasons and others which time will not permit giving at this time I hope that we will not only adopt these amendments but will, as I say, not stop the graduation of this tax at this figure but will graduate it to correspond on through the very high brackets.

I stand foursquare for principles which will promote labor and develop industry and the resources of our country and preserve the people's right in these things and dispense these blessings to all of our people, and thereby giving better opportunities to our farmers, laborers, professional and business people, to the end that we may remedy the evils which face this country and bring about prosperity and relief for the great masses of our people.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, reference has been made to the estate tax in Great Britain. Great Britain has no local estate taxes such as we have in the States of the United States. There is only one estate tax on an estate in that country while we have two. Taking into consideration the fact that rates are imposed on lower brackets in that country than in ours, our estate tax, as a whole, bears about as heavily upon the estates of this country as the English rates do on estates in England. On the whole our estate taxes are comparable with those in England. But whether our estate taxes aggregate less than those in another country is not the question. What we are to decide is how great a burden should we place. I think it is agreed that England would be better off if they could lower their estate taxes.

Mr. CRISP. Will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. CRISP. I failed to say this: The highest estate tax this country has ever had and collected was 25 per cent in the act of 1924, when there was a rate of 40 per cent. In 1926 that was repealed and made retroactive to 25 per cent. So this country has never had an estate tax of over 25 per cent, while this bill, as reported, makes it 40 per cent.

Mr. RAMSEYER. We had a rate of 40 per cent in 1924.



Mr. CRISP. It was repealed in 1926; it was made retroactive and no taxes were collected higher than 25 per cent.

Mr. RAMSEYER. They were collected but refunded.

Mr. HAWLEY. I think this deserves the attention of the committee: When a man dies his estate immediately becomes frozen assets. The courts, on the one hand, control the action of the administrator or executor; the Federal Government controls his actions to determine the amount of the estate for Federal tax purposes and the State government for State tax purposes. So the estates are tied up in a most unmanageable way, which operates to depreciate the value of the estate, in the first instance.

Immediately upon the death of a decedent the tax liens attach upon the value it has at that time. The fluctuations that may occur later have no effect upon the amount of money to be paid, and this tax lien upon the estate of both the State and the Federal Governments is a burden upon the estate. Estate taxes interfere with the normal operations of business concerns, large and small.

The committee proposes in the bill to levy a reasonable amount of tax upon the transfers from the decedent to those to whom the estate is to be distributed.

I accord to every man the same freedom of opinion as I claim for myself, but there is no justification for an attempt to divide up the estates of this country by means of taxation at this time. We need now, more than ever in the recent history of this country, capital that can be readily availed of in the hands of people who know how to use it to make products, to employ labor, and to reinstate the industries of this country; and not to tie up continually, as men die, great amounts of wealth and place upon such amounts a burden that is not payable in kind, because if the property is in acres of land worth, say, \$100 an acre and there is no sale for the land, the Government and the State demand "money, money, money"—not acres of land, not their proportion of the estate in kind.

This demand for payment of estate taxes in money can not be avoided, but we can be reasonable in the public demand as to the amount to be taken for public uses. An estate tax is a capital levy. The accumulations which have created an estate have paid the various income taxes to the Federal Government, and State and local taxes, unless it consists of tax-exempt securities. The estate tax is a super-tax. While there are some very large estates, the generality of them are of more moderate amounts. The sudden demand for a considerable portion of an estate is an embarrassment that at least can not benefit the businesses in which they are included. If the tax be unreasonably large, it may do serious harm. This is not the time to add a further complication to the business of the country. The rates proposed by the committee are as high, in our judgment, as it is advisable to go, and this conclusion was reached after due consideration.

Mr. PATTERSON. Mr. Chairman, I offer an amendment to the Ramseyer substitute.

The Clerk read as follows:

Amendment offered by Mr. PATTERSON: Just preceding paragraph (c) in the Ramseyer amendment insert the following: "\$7,116,000 upon net estates of \$20,000,000, and upon net estates in excess of \$20,000,000, in addition, 50 per cent of such excess."

The amendment was rejected.

The CHAIRMAN. The question recurs on the substitute offered by the gentleman from Iowa [Mr. RAMSEYER].

The question was taken; and on a division (demanded by Mr. LaGUARDIA) there were—ayes 204, noes 45.

So the substitute was agreed to.

The CHAIRMAN. The question is on the amendment as amended by the substitute.

The question was taken; and on a division (demanded by Mr. CRISP) there were—ayes 156, noes 123.

Mr. CRISP. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. CRISP and Mr. RAMSEYER.

The committee again divided; and the tellers reported that there were—ayes 190, noes 149.

So the amendment as amended by the substitute was agreed to.

The Clerk resumed the reading of the bill for amendment at page 189, line 15.

Mr. LaGUARDIA. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LaGUARDIA. It is my understanding that under the consent granted by the House we were to read the inheritance-tax provision, take a vote on any amendment which may be offered, and after that vote we were to proceed with the manufacturers' tax. As I heard the reading of the Clerk, he continues to read on the estate tax. The purpose, as the gentleman from Georgia will recall, was to get the sentiment of the House on the estate tax and let the administrative features and the gift-tax provision go until we disposed of the other matters.

Mr. CRISP. I would say to my friend that that was the understanding, but there are only two or three short sections in connection with the estate tax and I thought we might read them. I want to say to the gentleman that the chief of the drafting division tells me the adoption of the amendment might necessitate one or two little amendments in these other sections to carry out the effect of the amendment just adopted, and I will ask the drafting division to prepare those amendments making effective exactly what the committee has just done by adopting the Ramseyer amendment, and we can refer to that later and offer such amendments.

The Clerk read as follows:

#### SEC. 402. CREDITS AGAINST TAX

(a) The credit provided in section 301 (c) of the revenue act of 1926, as amended (80 per cent credit), shall not be allowed in respect of such additional tax.

Mr. ABERNETHY. Mr. Chairman, I move to strike out the last three words and ask unanimous consent to proceed for 15 minutes.

Mr. PETTENGILL and Mr. O'CONNOR objected.

Mr. ABERNETHY. I can say what I have to say in five minutes. In the first place, I came here 10 years ago, and have followed the Democratic leadership of this House in most instances. I have been almost ultraconservative. I am one of the few Members who do not believe it is necessary to have a tax bill of \$2,000,000,000 to be paid for in two years. I am a Member who does not believe that it is necessary to balance the Budget at this time by such a burden upon the backs and stomachs of the poor when there is so much suffering in this country. I believe in that old doctrine, "God have mercy on the rich, for the poor can beg." [Laughter.]

Now, the House refuses to follow its leadership, and I understand it is a revolt. I came from the country where my ancestors fought in the Revolutionary War. One of my ancestors was in the Provincial Congress of North Carolina. I am not a communist. I am not a bolshevist. I represent the third North Carolina district in Congress, and I am going to be renominated, possibly without opposition. [Laughter and applause.]

I expect to come back. I am not saying what will happen to some of you who vote for this bill. I had the assurance of the leadership of the House that salaries would not be cut. But no set of men can drive me anywhere. I am a \$10,000 a year man. [Applause.] When I came to Congress I was making \$20,000 a year practicing law. [Applause.] Some of you fellows who are hollering and who want to cut salaries may be worth less in your communities than you are receiving now, but I am worth more because I represent the soul of the people. We do not want Congress to be a rich man's club. When it becomes so, privilege will rule in the land.

This bill will never pass in its present form. It was never intended to pass. It now looks as if we are going to break up in a row. If we do, the Secretary of the Treasury is going to issue short-term notes to take care of the deficit made by the Republicans until December, and God have mercy on



our souls as to what will happen after that, I can not tell. [Laughter and applause.]

Mr. O'CONNOR. Mr. Chairman, I move to strike out subdivision (a).

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Page 189, strike out all of lines 16, 17, and 18.

Mr. O'CONNOR. Mr. Chairman, I offer this amendment not as a mere pro forma amendment, but I should like to have the serious attention of the committee. As I understand the situation now, the Ramseyer amendment will raise the amount of Federal inheritance taxes by about \$500,000,000 in addition to existing taxes. Under the provision of subdivision (a) none of that huge additional tax will be credited on account of estate taxes paid to the States. That presents a very serious situation. It was not so serious under the old tax law, where there was \$137,000,000 collected by the Federal Government, of which the States received about \$102,000,000.

Under the Ramseyer amendment, however, this is what you are doing. You are further invading the inheritance-tax field that belongs primarily to the States. The National Government first invaded that field very reluctantly and should not further intrude on the rights of the States. The States also have to raise money to conduct their governments.

In many States of the Union the inheritance taxes have been raised this year and probably will be further increased. When you put this additional burden of half a billion dollars on estates, no part of which goes to the States, you are depriving the States of any possibility of raising money through their inheritance taxes. You are preventing the States from raising revenue in a field which we used to believe belonged exclusively to the States.

I was surprised, in the first place, when the committee in doubling the Federal estate tax did not allow credit for State taxes paid. But that was not so fatal, because the amount of the additional tax was not so large; \$150,000,000, I believe. Now, however, you have increased the additional tax to \$500,000,000 and still deny any credit on those half-billion dollars of taxes paid to the States. I repeat, it presents a very serious situation.

Let me appeal to those Members on my side who still hold some loyalty and allegiance to the doctrine of State rights. If they are Democrats they surely will not take all of the revenue from the States and put it into the Federal Treasury in Washington. It must be that any Democrat who still believes even a little bit in the doctrine of State rights will vote to strike out this provision now that the Ramseyer amendment has been adopted. Robbing the dead for the benefit of the Federal Government was never a doctrine of the Democratic Party. That ghoul policy better becomes the Republican Party.

Mr. CRISP. Mr. Chairman, I hope the amendment of the gentleman from New York [Mr. O'CONNOR] will not prevail. Congress is now endeavoring to raise revenue for the Federal Government to meet the deficit in the Treasury. Our Government is dual in character. We have sovereign States and the United States Government. It is regrettable that there is an overlapping of taxes as between the States and the Federal Government. Either the State government or the Federal Government has a right to levy these taxes, and there is a good deal of duplication. For instance, the United States Government has levied a tax on tobacco for many, many years, and now many of the States are also levying taxes on tobacco. When it was proposed to tax gasoline—and a 1-cent a gallon tax on gasoline will raise \$165,000,000—it was stated that that was the province of the States, that the States were getting a large part of their revenue in that way. The States levy ad valorem taxes on land and property, and the Federal Government does not. I recognize there is some force in the statement of the gentleman from New York, but the object of this bill is to provide revenue for the Federal Government, and the bill does provide that these supertaxes it proposes to collect are not to be prorated back to the States but are all to be re-

tained in the Treasury. The amendment of the gentleman from New York, if adopted, would have the effect of permitting the States to participate in this additional revenue, up to 80 per cent, provided they had an inheritance tax law.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. O'CONNOR. Will the gentleman state whether or not if the committee had contemplated such a huge increase in the estate tax, it would not have considered some part of it going back to the States. I do not say 80 per cent of it.

Mr. CRISP. I can not answer that question because the committee never thought they were going to have these high rates.

Mr. O'CONNOR. Does not that change the situation along the line I suggest? I do not contend necessarily for 80 per cent, but does not the gentleman think in fairness that some of it should go to the States?

Mr. CRISP. I do not think so. I think the States have the power to levy as high income and inheritance taxes as they desire.

Mr. O'CONNOR. They can not go beyond 100 per cent, and if the Federal Government goes up very high we can only get the difference in the States.

Mr. CRISP. We go up to 45 per cent on estates over \$10,000,000.

Mr. RAGON. Mr. Chairman, if the gentleman will permit, I think the full committee did consider the suggestion made by the gentleman from New York, but we considered that the money was so urgently needed by the Federal Government that we should not permit the rebate to the States and, besides, the States would get very little under the present alignment.

Mr. GREENWOOD. Mr. Chairman, I move to strike out the last word. The purpose of this amendment is to raise revenue to meet the deficit. That is the chief object in making this levy on estates higher than the taxes proposed by the bill as it came from the committee. It is to meet this deficit, so as to relieve certain other lines of taxation which I presume from the vote of the committee will be taken when we meet the next section. The gentleman from New York [Mr. O'CONNOR] made a statement that I think might be a little misleading when he said that levying these higher taxes and removing the 80 per cent clause would deprive the State of certain revenues. As I understand the application, it is that there is not a reimbursement from the Federal Government to the State, but that there is a credit to the taxpayer to the amount the estate levies up to 80 per cent. There might be some argument upon the basis of double taxation, but there is no argument upon the basis that the State will lose the taxes levied under the estate tax law.

As I see it, these gigantic fortunes are not made within the boundary lines of any State. They are national and international in character and in their accumulation. The Federal Government is attempting not only to balance the Budget, but it is attempting, in levying this kind of a tax, to dissipate to a large extent these gigantic fortunes, and that, as I take it, is one of the future problems of our country. Since these fortunes are so large and are accumulated from the four corners of our Nation, then, regardless of what the State does as to property within its confines, it is the duty of the Federal Government to levy a proper tax under those circumstances against this wealth that is national in character, so as to meet the deficit now confronting us.

Mr. BLANTON rose.

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. BLANTON. I move to amend the O'Connor amendment by striking out all of the O'Connor amendment except the first word.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Texas.



The Clerk read as follows:

Amendment by Mr. BLANTON: Page 189, line 16, strike out all of the O'Connor amendment except the first word.

The CHAIRMAN. The first word is the word "The."

Mr. BLANTON. Mr. Chairman, the portion I want to strike out is all of the amendment except its first word, to all of which I want to address my remarks.

Mr. Chairman, the gentleman from New York [Mr. O'Connor] would ask the Government of the United States to refrain from collecting a tax on estates in order that, forsooth, New York State can raise all the revenue it wants from estates as a first item of consideration. Is not such proposal a little selfish?

Practically all of the municipal bonds of my State are owned by citizens of New York. Bonds for building jails, courthouses, and schoolhouses are owned by citizens of New York, most of them. Bond for street improvements are mostly owned by citizens of New York. Bonds for drainage and irrigation purposes in my State are mostly owned by citizens of New York, and now the gentleman from New York [Mr. O'Connor] wants the exclusive privilege of taxing those estates so that New York State, for instance, can pay its governor a salary of \$25,000 a year, so it can pay its Supreme Court judges, if you please, salaries of \$22,500 a year, much larger than the judges in any other State, so that the mayor of the gentleman's city of New York can have by law a salary granted him of \$40,000 a year—

Mr. BOYLAN. Will the gentleman yield?

Mr. BLANTON. I am sorry, not just now; I will in a moment.

Is it not a little selfish to so contend when the great State of New York, within whose boundaries live citizens who own the wealth that comes from all of our States, should ask that the Federal Government step aside so that the State may have a monopoly on taxing most of the big estates in the Nation?

Now I yield to my friend.

Mr. BOYLAN. I would like to say to my friend that he is in error when he states that these bonds are owned by citizens of the State of New York. Let me say to the gentleman, if he wants to build a jail or a new waterworks, what does he do—

Mr. BLANTON. I do not yield further, Mr. Chairman.

Mr. BOYLAN. He goes to the bankers of the State of New York.

Mr. BLANTON. Mr. Chairman, I can not yield further.

Mr. BOYLAN. And they sell his bonds to people all over the United States, and not to the citizens of the State of New York.

Mr. BLANTON. Mr. Chairman, I do not yield further to the gentleman. That is the reason I like my friend, the gentleman from New York, because he is going to do what he wants to do, regardless. [Laughter.]

They do own those bonds. There are citizens in my State, county judges and bankers, coming up here on their way to New York all the time to sell these bonds; and they do sell them in New York. They are owned there, and the men who die there leave them to their estates and they do not have to pay income taxes on them because they are tax exempt during life, and not until death can the Federal Government get any revenue from them.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BLANTON. In just a moment. I have only a few minutes.

They do not have to pay income taxes on them because these are tax exempt, and that is the reason they find a ready market for them. There are billions of dollars of such tax-exempt securities owned by the multimillionaires of the country. Did not a very distinguished gentleman—I will not mention the position he holds, but he lives in Michigan—by accident come into the possession of a great fortune? Did he not tell it publicly himself that he has invested nearly \$100,000,000 in tax-exempt securities and pays nothing in the way of income tax on that to the Government at all? Talk about going to foreign countries with the

wealth; those men who take their wealth to foreign countries are the very first persons in the world who want Congress to send battleships to China to protect their business there and take a chance on involving this country in war to protect them. They are the first ones to holler for the protection of our flag. Every time there is an opportunity to reach these tremendous estates, I am getting tired of seeing every kind of reason and excuse given for Congress not going after them and making them pay their just proportion of the expense of Government. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BOYLAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Texas [Mr. BLANTON].

Mr. Chairman, we hear a lot here about New York. Many people hate New York because they think all the money in the world is in New York. The gentleman from Texas [Mr. BLANTON] takes the floor and says, "Oh, they own all of our bonds. They own our jails, our waterworks, our electric-light companies. They own everything." But do we? Now, you Members are too intelligent to be carried away with a ridiculous statement of that kind. You know the facts. If the city of the gentleman from Texas wants to build a new waterworks or a new power plant or new sewers or any other public improvement, they go to the bankers of New York to sell their bonds, and they are glad to go to New York to get the money, to get their bonds sold. Who buys those bonds? Those bonds are not bought by residents of New York, except by a very small percentage. Why? Some people have the idea throughout the country that we in New York do nothing but go to night clubs at night or take cruises here and there or nowhere. We do not have the time or the money to do that. So, the bankers take those bonds and sell them to the small banks throughout the entire country.

Mr. BLANTON. Will the gentleman yield?

Mr. BOYLAN. In a moment I will. They sell them to every little bank and to the citizens of communities throughout our land. You Members know that we would not have sufficient money in New York to buy all these bonds if the money had to come from the State of New York alone. We would have to be as wealthy as Cresus in order to absorb them, but the money comes from your town, from the North, from the East, the South, and the West. The money comes from all these places to purchase these bonds, and yet we have men coming here and parading up and down this floor saying, "Oh, the great wealth is in the State of New York; let us soak them. They have all the wealth of the country." As a matter of fact, what happens? The bond houses in New York purchase the bonds with your money and the money of every little bank in the entire United States.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BOYLAN. I yield.

Mr. O'CONNOR. The gentleman is aware, of course, that New York has been glad to loan the money to Texas, if no other States will, and the residents of New York did not feel so badly about including those bonds in their estates, but if the defaults in Texas keep on I think Texas will have to look to some other city to get its money. [Applause and laughter.]

Mr. BOYLAN. That possibility might happen.

Mr. BLANTON. Will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. BLANTON. The securities of the different municipalities of the State of Texas are so good and there are so many financiers anxious to get them that we could sell them elsewhere than in New York; but I do not admit that the gentleman from New York [Mr. O'Connor] has authority to speak for all the bond buyers of New York.

Mr. BOYLAN. Why do you not sell them elsewhere, then, and not come to New York? [Laughter and applause.]

Now, gentlemen, we have got to be calm and conservative. Let us figure what we are going to do. Do not get the idea



in your heads that when you are soaking the rich you are soaking New York. We pay 70 per cent of the entire expenses of this Government, and we ought to have greater consideration than we now receive here.

When this proposed amendment was brought in by the committee they figured, as I understand it, on a yield of about \$150,000,000. It was all right under the circumstances for the entire amount to go to the Federal Government; but now when you have adopted an amendment that will bring in about \$500,000,000, even by dividing it in half and only giving the States 50 per cent, you would get \$100,000,000 more than you anticipated originally. So why should not the States get a part of this increased revenue? There is no legitimate reason why they should not.

I think the amendment offered by the gentleman from New York is fair, reasonable, and just, and that it should prevail. [Applause.]

Mr. RANKIN. Mr. Chairman, I move to strike out the last two words.

I sincerely trust that the committee will not seriously consider adopting the O'Connor amendment. It would not only undo what we have just done, but it would also take away some of the revenue that would have been raised by the original bill.

I agree with the statement that these men of large fortunes have their wealth-gathering enterprises scattered all over the United States and that we all contribute to the building of their fortunes.

But I want to assure the gentleman from New York that we have no prejudice against that great State. I am very fond of every Member from New York, including my distinguished friend, Director CROWTHER, the amiable gentleman from Schenectady.

Why should I have any prejudice against New York? The next President of the United States is coming from the State of New York, Governor Roosevelt. [Applause.]

But this is a matter of raising revenue to balance the Budget of the United States Government, and I certainly trust this amendment will be voted down.

Mr. CRISP. Mr. Chairman, I move that all debate on this amendment do now close.

The motion was agreed to.

Mr. BLANTON. Mr. Chairman, my amendment was pro forma, and I ask unanimous consent to withdraw it.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from New York to strike out subsection (a) of section 402.

The amendment was rejected.

The Clerk read down to and including line 9 on page 190.

The CHAIRMAN. Under the unanimous-consent agreement the committee will now consider Title IV of the bill. The Clerk will read the first paragraph of Title IV.

The Clerk read as follows:

TITLE IV—MANUFACTURERS' EXCISE TAX  
SEC. 801. IMPOSITION OF TAX

(a) In addition to any other tax or duty imposed by law, there shall be imposed a tax of 2½ per cent of the sale price (except as provided in subsection (d)) on the sale of every article sold in the United States by the manufacturer or producer thereof, if licensed or required to be licensed under this title, except in the case of—

(1) Sales by a licensed manufacturer to another licensed manufacturer of articles for further manufacture;

(2) Sales by a licensed manufacturer to a registered dealer of articles for further manufacture to be resold to a licensed manufacturer;

(3) Sales by a licensed manufacturer to any person of articles for further manufacture to be resold to a licensed manufacturer, but only if such articles are delivered by the first licensed manufacturer to the second licensed manufacturer;

(4) Sales for exportation;

(5) Sales to a State or political subdivision thereof, or any agency thereof, of articles for use solely in the exercise of a governmental function; or

(6) Sales of articles hereinafter specifically exempted.

Mr. CRISP. Mr. Chairman, by direction of the Committee on Ways and Means I offer an amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: On page 225, after line 13, insert the following new paragraphs:

"(1) Sales of food for human consumption (including those grades and forms of articles chiefly used as food for human consumption in the form in which sold or after processing or as material for such food; but not including any article enumerated in subsection (d)).

"(2) Sales of wearing apparel for any part of the body.

"(3) Sales of agricultural implements and machinery.

"(4) Sales of medicines.

"(5) Sales of insecticides, fungicides, and herbicides, if chiefly used for agricultural purposes.

"(6) Sales of malt sirup, in containers containing not less than 50 pounds each, to a baker for use in the making of bread."

Mr. LaGUARDIA. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. LaGUARDIA. It is not germane to the section now before the committee for consideration. The section under consideration provides generally a tax on the sale price of articles sold in the United States by the manufacturers or producers thereof. The exceptions provided in this section refer to the class of manufacturers and not to articles. The exemptions of articles from this tax will be found on page 229, section 602. The section is titled "exempt articles." It provides that:

No tax under this title shall be imposed on the sale or importation of the following articles:

(1) Farm or garden products produced in the United States;

(2) Fertilizers and such grades of articles as are used chiefly for fertilizers, or chiefly as ingredients in the manufacture of fertilizers;

(3) Garden or field seeds;

(4) Bran and shorts and feeds for animals or fowls;

(5) Meat, fish (including shell fish), and poultry, fresh, dried, frozen, chilled, salted, or in brine.

There are 24 exemptions of articles.

I submit, Mr. Chairman, that the orderly method of legislating is not to permit nongermane amendments for the purpose of parliamentary advantage, but to proceed with the consideration of a bill in an orderly manner. All exempt articles should be in one section. The exceptions, I repeat, that are mentioned in section 601 are the classes of manufacturers and not the exemptions to articles or commodities not taxed. In other words exceptions of classes of manufacturers are in section 606, while exemptions of articles are in section 601. The gentleman from Georgia, who has forgotten more parliamentary law than I ever will know, and what little I might know about it I think I have learned from the gentleman from Georgia, certainly can not seriously argue that under the bill as it is now drawn, with the provisions for the imposition of tax under 601 and a separate section (602) entirely for exempted articles, that his amendment at this place is germane to this section.

Mr. CRISP. Mr. Chairman, does the Chair desire to hear from me on the point of order?

The CHAIRMAN. The Chair would like to hear the gentleman from Georgia briefly.

Mr. CRISP. Mr. Chairman, this section says that "a manufacturers' sales tax shall be levied except," and it goes on and gives five or six exceptions where the tax shall not apply. This amendment simply adds other matters to which the tax shall not apply, and to save my life I can not see how anyone can argue that this is not germane.

Now, my friend from New York argues that there is another place in the bill where there are exemptions. This may be true. It may be better to have them all together, but from a parliamentary standpoint you do not have to do that. You can have them at two or three places in the bill if you desire if they are germane.

The CHAIRMAN. The Chair is prepared to rule.

Mr. CANNON. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair will be pleased to hear the gentleman from Missouri.

Mr. CANNON. Mr. Chairman, may I call attention to the fact that we are not proceeding in order? A member of the committee desired to submit a point of order and was denied recognition.



The CHAIRMAN. The Chair will say to the gentleman from Missouri he did not know that any member of the committee desired to make a point of order, otherwise he would certainly have recognized him. Was the gentleman from North Carolina on his feet seeking recognition to make a point of order?

Mr. DOUGHTON. Yes; I was, Mr. Chairman.

Mr. CRISP. Mr. Chairman, may I say this in order to clear up the situation? I have conferred with my friend from North Carolina [Mr. DOUGHTON]. It was my purpose when the section was read to offer the amendment, and then my friend from North Carolina was on his feet expecting to move to strike out the paragraph, with notice that if that motion prevailed, he would move to strike out all succeeding paragraphs. I was then going to move that the committee rise and leave these matters pending for consideration by the committee to-morrow or Thursday. Some of my friends say they think the Members need a rest and that I myself need a rest, in particular, and suggested not taking up the bill Wednesday, so I shall not ask to dispense with Calendar Wednesday but will let it go over until Thursday.

The CHAIRMAN. The Chair desires to reiterate that if he had known that any member of the committee desired to make a point of order, in accordance with custom he certainly would have recognized him. The Chair regrets, if the gentleman from North Carolina desired recognition, he did not see the gentleman on his feet at the time.

Mr. CANNON. The gentleman from North Carolina was on his feet asking recognition for the purpose of submitting a question of order.

Mr. CRISP. Mr. Chairman, I ask that the gentleman be permitted to make the point of order.

Mr. LAGUARDIA. Mr. Chairman, I am perfectly willing to give way to the gentleman.

The CHAIRMAN. Does the gentleman from North Carolina desire to make the point of order?

Mr. DOUGHTON. No; I do not, inasmuch as the point has been made. It was my purpose to make the point of order, but the gentleman from New York was recognized.

The CHAIRMAN. Does the gentleman from Missouri desire to be heard on the point of order?

Mr. CANNON. Mr. Chairman, Title IV of the bill contains a number of sections, each providing for a different division of the subject matter under the title. Section 601, imposition of the tax; section 602, exempt articles; section 603, tax on sales by registered dealers; section 604, sale price; and so on. The pending section, which is section 601, imposes a sales tax with provisions intended to prevent the manufacturer from passing it on. Section 602 relates exclusively to exemptions. The amendment offered by the gentleman from Georgia proposes to amend the pending section by inserting exemptions. In other words, his amendment would be germane to section 602 but is not germane to section 601.

It has been an established principle of parliamentary law from time immemorial that where there are a number of paragraphs relating to a particular subject, matter which is germane to one of them can not be offered to any of the others, but must be offered to the particular paragraph to which it is germane.

If the gentleman desires to add to the number of exemptions, he should offer his amendment to section 602, which deals with exemptions. They are germane to that section and they are not germane to any other section of the bill.

Let me cite decisions on this point by some of the most eminent parliamentarians who have presided over the Committee of the Whole. There are a great many of them, Mr. Chairman, but I shall take the time of the House to read only one or two.

On March 10, 1902, the Committee of the Whole was considering H. R. 11728 when Mr. George W. Smith, of Illinois, offered an amendment to a specific paragraph in the bill, and Mr. CLAUDE A. SWANSON, of Virginia, made the point of order that it was not germane to that particular paragraph.

The CHAIRMAN. What is the gentleman citing?

Mr. CANNON. I am citing section 5818 of Hinds' Precedents, holding that an amendment must be germane to the particular paragraph to which it is offered.

Mr. Frederick H. Gillett, later Speaker of the House, was presiding as Chairman of the Committee of the Whole and made this decision:

The Chair is clearly of the opinion that inasmuch as the bill is now being considered by paragraphs—

And that is true of this bill—

and inasmuch as the amendment offered by the gentleman is expressly covered by paragraph 4 and other paragraphs of the bill—

Just as the amendment proposed by the gentleman from Georgia is covered by section 602 of the pending bill—

Mr. CRISP. Will the gentleman from Missouri yield?

Mr. CANNON. Gladly.

Mr. CRISP. If the Chair will look at page 226, line 5, of the paragraph now before the committee, the language is "sales of articles hereinafter specifically exempted," the tax shall not apply. It is in the same paragraph and why can you not add other articles in this same paragraph to be exempted?

Mr. CANNON. For the very reason, Mr. Chairman, that the reference cited by the gentleman specifically relegates all exempted articles to section 602. When you turn to the list of articles "hereinafter specifically exempted" you find they are under section 602 and not under the section the gentleman seeks to amend.

As held by the Chairman, in this decision they are germane only to the section which covers them, and that section is section 602. And the gentleman can not amend section 602 until it is reached in the reading of the bill. Here is the authority. Speaker Gillett continued:

Inasmuch as the amendment offered by the gentleman is expressly covered by paragraph 4 toward the close of the bill this amendment is germane to that paragraph and not to the paragraph now under consideration.

Just as the amendment offered by the gentleman from Georgia is germane to section 602 and not to the paragraph now under consideration.

Again, Mr. Chairman, on March 25, 1904, section 5820 of Hinds' Precedents, a point of order was made against an amendment germane to another paragraph of the bill than that to which proposed.

Chairman Boutell, of Illinois, held:

If an amendment is more appropriate to one paragraph than to another, it is not to be considered germane to the paragraph to which it is less appropriate. Therefore the point of order is sustained.

Certainly no one will contend that the amendment offered by the gentleman from Georgia is not more appropriate to section 602 than it is to the pending section.

Mr. Chairman, I could cite many more precedents, but the House is impatient. The law of the House on this point has been settled for more than a century. Amendments must be germane not only to the bill but to the paragraph to which offered. The gentleman's amendment is germane to section 602 and is not in order at this time.

It may be contended, under the familiar rule of amending a general subject by a subject of the same class, that the exemptions proposed by the gentleman from Georgia are admissible with the exceptions under the pending paragraph. That theory is wholly untenable. They are not of the same class. Read them. These exceptions relate to methods of sale and not to lists of exemptions. In the language of Chairman Boutell the exemptions proposed by the amendment are "more appropriate" to section 602, listing all exemptions made by the bill. And they are "less appropriate" to section 601, to which the gentleman has offered them.

Therefore we submit on the authority cited that the amendment is not germane and is not in order at this time, and can not be offered until the section of the bill dealing with exemptions is reached.

The CHAIRMAN. The gentleman from Georgia, acting chairman of the committee, offers an amendment, which has



been reported at the Clerk's desk. On page 225, after line 13, he proposes to insert the following new paragraph.

This bill is being considered by major paragraphs under agreement of the committee. This major paragraph (a) on page 225, extends down to and including the words through line 6 on page 226. The place at which the gentleman from Georgia [Mr. CRISP] offers this amendment follows the following language:

On the sale of every article sold in the United States by the manufacturer or producer thereof, if licensed or required to be licensed under this title, except in the case of—

Then the section enumerates six different exceptions from the general provisions of the bill. The Chair, of course, has very great respect for the parliamentary wisdom and experience of the gentleman from Missouri [Mr. CANNON], who argues in favor of the point of order, but in the opinion of the Chair this amendment clearly comes within the general proposition that a general subject may be amended by specific propositions of the same class, and as the Chair sees the purpose and intent of the amendment offered by the gentleman from Georgia, it merely enlarges the exceptions which are provided in this major paragraph (a) of the bill. The Chair is of opinion that the amendment is germane at this point, and therefore overrules the point of order.

Mr. LA GUARDIA. Mr. Chairman, I respectfully appeal from the decision of the Chair.

The CHAIRMAN. The gentleman from New York appeals from the decision of the Chair. The question is, Shall the decision of the Chair stand as the judgment of the committee?

The question was taken; and on a division (demanded by Mr. LA GUARDIA) there were—ayes 227, noes 21.

So the decision of the Chair stood as the judgment of the committee.

Mr. CRISP. Mr. Chairman, we have had some understanding between the different gentlemen interested on both sides of this question. As I understand it, when this amendment was offered, then the gentleman from North Carolina [Mr. DOUGHTON] was to move to strike out the paragraph. Then I was going to move that the committee rise. If the gentleman from North Carolina does not care to offer his amendment, I shall move that the committee do now rise.

Mr. DOUGHTON. Mr. Chairman, I offer the following amendment. I could not offer it until I had received recognition.

The CHAIRMAN. The gentleman from North Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DOUGHTON: Page 225, strike out paragraph (a), beginning with line 8, on page 225, down to and including line 6, on page 226.

Mr. BLANTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BLANTON. The gentleman from North Carolina should give notice that if his amendment be adopted, then he will move to strike out all of the succeeding paragraphs except that relating to foreign oil, and that notice ought to be given now.

Mr. DOUGHTON. Of course, I shall.

Mr. CRISP. The gentleman from North Carolina says that he does not care to debate the amendment at the present time. I move that the committee do now rise.

Mr. LEHLBACH. Mr. Chairman, will the gentleman from Georgia withhold that motion so that I can offer an amendment and have it pending? It is an amendment to the committee amendment, and I desire to have it pending. It will be printed in the RECORD.

The CHAIRMAN. Does the Chair understand that the gentleman from New Jersey asks unanimous consent to have an amendment read for information?

Mr. LEHLBACH. No; I offer the amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New Jersey.

Mr. STAFFORD. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. STAFFORD. A motion has been made by the gentleman from North Carolina to strike out certain parts. That is preferential. No other motion can be made in the present status of affairs.

The CHAIRMAN. The parliamentary situation is this: The gentleman from Georgia stated that the committee under agreement was about ready to rise. Pending that, the gentleman from North Carolina offered an amendment which has been reported. Thereupon the gentleman from New Jersey offers an amendment to the committee amendment. The point of order of the gentleman from Wisconsin is overruled.

Mr. HARLAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HARLAN. If there are any additional amendments to be offered from the floor, assuming that the amendment offered by the chairman of the committee is adopted, will additional amendments be in order?

The CHAIRMAN. All proposed amendments should be offered to the committee and disposed of in order, as proposed.

Mr. GREEN. Mr. Chairman, a parliamentary inquiry. I also have an amendment, and I am wondering if it can be offered and remain as pending after the one is disposed of now.

Mr. DYER. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The regular order is that the Clerk report the amendment offered by the gentleman from New Jersey. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. LEHLBACH: Amend the committee amendment by adding at the conclusion thereof:

"Merchant vessels constructed in American shipyards under the provisions of the merchant marine acts of 1920 and 1928, as amended, and all material, equipment, and furnishings therefor, for which the Government has agreed to loan more than 50 per cent of the cost."

Mr. DOUGHTON. Mr. Chairman, I desire to give notice that if my amendment is adopted I shall then move to strike out the succeeding paragraphs of the section.

Mr. STAFFORD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STAFFORD. As to the present legislative situation, with the gentleman from Georgia offering one amendment, the gentleman from North Carolina offering a motion to strike out, and the gentleman from New Jersey offering an amendment to the amendment offered by the gentleman from Georgia, when will we vote on the motion to strike out?

The CHAIRMAN. That will be the last matter to be considered under the present parliamentary situation.

Mr. HARLAN. Mr. Chairman, I offer an amendment to the committee amendment.

The CHAIRMAN. The offer is out of order. There is an amendment pending.

Mr. CULLEN. Mr. Chairman, I have an amendment that I wish to offer and have it lay on the desk until Thursday. I ask unanimous consent that it be read by the Clerk, so that the House will know what the amendment is.

The CHAIRMAN. The gentleman from New York [Mr. CULLEN] asks unanimous consent that there may be reported an amendment, which he sends to the desk, for the information of the House.

Is there objection?

Mr. GREEN. Mr. Chairman, reserving the right to object, and I shall not object, I would like to couple with that a short amendment—

Mr. DYER. Mr. Chairman, the regular order.

The CHAIRMAN. The regular order is demanded. Is there objection to the request of the gentleman from New York [Mr. CULLEN]?

Mr. BLANTON. Mr. Chairman, reserving the right to object, with the understanding that a point of order is considered with reference to it, I shall not object.



The CHAIRMAN. The amendment is offered only for information.

Is there objection?

There was no objection.

The Clerk read as follows:

Amendment by Mr. CULLEN: Page 228, after line 19, insert a new paragraph, No. 2-A:

"That there shall be levied and collected on all nonintoxicating beer, lager beer, ale, porter, or other similar nonintoxicating fermented liquor containing one-half of 1 per cent and not more than 2.75 per cent of alcohol by weight brewed or manufactured and hereafter sold or removed for consumption or sale within the United States by whatever name such liquors may be called a tax at the rate of 3 cents per pint, such article to be bottled at the brewery: *Provided*, That no such article shall contain more than 2.75 per cent of alcohol by weight, and provided further that the manufacture and transportation of such articles shall be conducted under permits to be issued in accordance with the national prohibition act and under such regulations, including assessment and collection of the tax, as shall be promulgated by the Secretary of the Treasury and the Attorney General of the United States: *And provided further*, That no such article shall be permitted to be transported into any State or Territory of the United States, or the District of Columbia, the laws of which forbid the manufacture or sale thereof."

Mr. GREEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GREEN. Mr. Chairman, I would like to inquire if I may now offer an amendment to be read for the information of the House?

The CHAIRMAN. The gentleman can do it by unanimous consent. Does the gentleman submit that request?

Mr. GREEN. Yes, Mr. Chairman. I ask unanimous consent that the amendment which I send to the desk be read for the information of the House and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

Mr. DICKSTEIN. Mr. Chairman, I object.

Mr. CLANCY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CLANCY. I would like to ask the Chair if he will entertain a unanimous-consent request that I be permitted to address the House for three minutes to defend the character of Senator JAMES COUZENS, who was attacked here this afternoon, in that it was charged he had made a large fortune by accident, and that Mr. COUZENS had said he had "invested \$100,000,000 in tax-exempt bonds," the inference being that Mr. COUZENS had done so to escape his rightful share of taxation?

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that he be allowed to address the House for three minutes, out of order. Is there objection?

Mr. SCHAFER. Mr. Chairman, reserving the right to object, such defense would violate the rules of the House, and I object.

Mr. CRISP. Mr. Chairman, I move that the committee do now rise.

The question was taken; and on a division (demanded by Mr. BACHMANN) there were ayes 208 and noes 6.

So the motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, and had come to no resolution thereon.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. RAMSPECK (at the request of Mr. TARVER), for the remainder of the week, on account of illness.

#### ORDER OF BUSINESS

Mr. CRISP. Mr. Speaker, I want to give notice that I will not call up this bill to-morrow, Calendar Wednesday, but will call it up Thursday.

#### "THE KING CAN DO NO WRONG"

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAMNECK. Mr. Speaker, for a quarter of a century in most of the States, and since the adoption of the eighteenth amendment in the Nation, the prohibition question has been the paramount issue in the politics of those States and the Nation. Not that this question has been the most important one for consideration, but, rather, that it has been pushed to the front in political campaigns and in legislative bodies as a sure-fire instrument of success; and for that reason there has grown a system of logrolling, wire-pulling, back-scratching politics which has given the professionally dry lobbyists and the politically dry legislators the unconquerable incentive to ignore or stifle legislation having to do with other matters.

It will be readily conceded that at present there are a number of problems more pressingly important than that of prohibition—matters of foreign reparations and debts, the tariff, the collapse of the golden era of prosperity, the recurrent fears of another war, unemployment, the dire distress of the American farmer—all these, most certainly, merit a consideration more urgently than the prohibition problem. No matter how pressing the need, however, for the solution of vitally important economic problems; no matter how perfect an instrument for the solution of any particular problem a proposed bill may be; no matter how ideally and practically equipped and qualified a candidate may be to meet and deal with conditions which indicate his policies as the remedy, the wet-or-dry question is brought to the front, and the solution of the more urgent problem is postponed, the promising bill is pigeonholed or emasculated, and the candidate, if he takes a stand or is even branded as wet or dry, suffers the hostility of a large element of the electorate, and in many cases is defeated by a nonentity who passively represents the prevailing wet or dry notion of the community.

An administration which has been the beneficiary of the dry vote, whether it deserved it or not, may be ever so unhappy and discredited in its handling of oil and other scandals, of dealing with the giant utility and power menace, or of farm relief and unemployment, yet it can always count on apologists and champions among the kept men of the big interests who have had their way, and the professional drys whose activities have been encouraged. Behind the smoke screen of prohibition controversy the interests have dug in and consolidated their lines, while the wet and dry lobbyists and leaders—not the rank and file of their sincere supporters—have been indifferent toward all other issues.

The eighteenth amendment and the Volstead law enacted in pursuance thereof were acclaimed as the final settlement and repose of the liquor question.

The "Wickersham" report has shown that there has been no settlement or repose, but, on the contrary, that the liquor question is involved in a maze of confusion as complicated as that which the commission itself brought forth. The chief thing proved by the Wickersham report is the interesting psychological fact that convictions and prejudices in reference to prohibition are largely matters of emotion, not reason; largely matters of temperament, not cogitation.

As a lawyer briefs a lawsuit, each member of the commission sorted out those facts best suited to his preconceived notions and ignored the others. There was little, if any, changing of opinions, and the result was not a coherent statement of fact or even an intelligent compromise of conflicting prejudices; but, on the contrary, we beheld an instrument crammed with contradictory and confused findings, opinions, and recommendations. The Wickersham report, indeed, was not the report of the commission itself; it was, rather, the report of the individual members of the commission.



All signs indicate that determined forces are working toward what might well be termed the isolation of this issue, which, like a Halloween pumpkin face, has been so long and so successfully raised up to frighten or divert our politicians and statesmen from the consideration of more important things. It will not be long until a solution will be found for this troublesome question the undue attention to which has so often stood in the way of our fairly discussing or dealing with any others.

Lao-tsze, the great oriental philosopher, more than two centuries ago said, "As restrictions and prohibitions are multiplied in the state the people grow poorer and poorer. When the people are subjected to overmuch government the land is thrown into confusion." Whether it be from the restrictions and prohibitions which have been multiplied about us or not, the fact remains that this generation is in a period of Babel-like confusion. It is manifest in the controversies within the religious denominations, the conflicts between factions of political parties, the lessening influence and declining membership of many fraternal societies, the emphasis by business corporations of size at the expense of service and of efficiency over the soul, and in thousands of other ways throughout the whole structure of our society. There is hopeless confusion in voices among those who have come forth with suggestions for ways out of the seemingly hopeless muddle in which we find ourselves over the liquor question. It is no use to debate the question as to whether we have come where we are because the amendment and the law could not be enforced, or because there has never been a "sincere attempt" to enforce them. We are where we are. To get out some have proposed the repeal of the prohibition amendment, a plan impossible so long as there shall remain 13 dry States.

Others would amend the Volstead Act as to alcoholic content of liquor, but this plan, with the usual and probable number of dry Congressmen in our legislative halls—both sincerely and only politically so, is not yet an early possibility. Among the alternatives proposed in the event of repeal have been the remanding back to the States of the power to prohibit or permit the traffic and the setting up by the Government of machinery for controlling the manufacture and distribution of intoxicating liquor. The only suggestion in all the opinions of the Wickersham Commission, which might be said to approximate a consensus was the "Anderson plan." It will most likely be some such a plan which will ultimately be adopted, and which will most nearly represent a consensus of public opinion as to what should be done. Such a plan would have these results: The elimination of profit from the traffic and the removal of all incentive to the bootlegger, bandit, and racketeer to engage in it; the product would be pure and free from poison and could be obtained at a price near the actual cost.

In their groping for a way out the sponsors of the various plans and schemes have been much like the bewildered motorist whose car balks and stops, and who proceeds to explore and inspect the entire mechanism to discover the source of trouble; last of all he looks into and finds his gasoline tank empty. Some things in the law are so fundamental that they are rarely remembered. And it is just possible that fundamentals have been overlooked in the endless discussions of prohibition. It is the purpose of this article to present a very ancient but yet living fundamental proposition of law.

That the law is by no means an exact science has been impressed upon the mind of lawyer and layman alike by the many divided decisions of the United States Supreme Court. The lawyer must in many situations found his advice or opinion upon what he believes the majority view of the courts would be. In cases of doubt, one guess is as good as another until the guess of the court of last resort becomes the law of the land for the time being.

One of the ancient maxims of the law is "Rex non potest peccare," or "The king can do no wrong." There is another maxim, complementary to that, which, in translation, reads, "The king is not bound by any statute, if he be not expressly named to be so bound."

Blackstone (Commentaries, vol. 1, ch. 7, sec. 262), discussing prerogative of the King, says:

I shall only farther remark that the King is not bound by any act of Parliament, unless he be named therein by special and particular words. The most general words that can be devised (any person or persons, bodies politic and corporate, etc.) affect not him in the least, if they may tend to restrain or diminish any of his rights or interests.

In Broom's Legal Maxims (Ninth Ed. Byrne, p. 51) is this proposition, supported by numerous English decisions:

In general, the King is not bound by a statute, unless mentioned expressly or referred to by necessary implication; "for it is inferred, *prima facie*, that the law made by the Crown, with the assent of the Lords and Commons, is made for subjects and not for the Crown"; and the general rule is that the Crown is never bound by a statutory enactment unless the intention of the legislature to bind the Crown is clear and unmistakable.

In the same work—page 52—the author, illustrating the principle, mentions several regulatory laws which were held in the cases cited as not applying to or binding upon the King. It is said:

So, too, the Crown is not bound (except where expressly mentioned) by the provisions of the bankruptcy acts, nor by the locomotive act, 1865, which regulates the speed at which locomotives may proceed on highways, nor by the public health act, 1875, or other acts imposing pecuniary burdens on property, or restraining the use of property.

In America there is no king, but we do have an uncrowned monarch known as the will of the majority, and that monarch of ours has all the necessary attributes of a crowned king, namely, sovereign power.

The principle that the king can do no wrong and is not bound by any statute unless expressly so intended has been adopted and firmly established as the law in America. It has been upheld by many decisions through the years, although the occasion for its application does not often arise. A few only of the decisions, typical of the theory and reasoning of all, will be noticed.

The first is the early case of *State ex rel. Parrott v. Board of Public Works* (36 Ohio State, 409). The third paragraph of the syllabus reads:

The State is not bound by the terms of a general statute, unless it be so expressly enacted.

At page 414, in the opinion by Chief Justice McIlvain, one of the greatest of Ohio jurists, is the language:

The doctrine seems to be that a sovereign state, which can make and unmake laws, in prescribing general laws intends thereby to regulate the conduct of subjects only, and not its own conduct. \* \* \* Indeed, the doctrine of the common law expressed in the maxim "the king is not bound by any statute, if he be not expressly named to be so bound" (Broom Leg. Max. 51), applies to States in this country as well.

That case was cited with approval and commented upon by the Ohio Supreme Court in the case of *State ex rel. Attorney General v. Cincinnati Central Railway Company* (37 Ohio State, 157, 176) as follows:

The principle is well established and is indispensable to the security of the public right. The general business of the legislative power is to establish laws for individuals, not for the State.

Congress at one time enacted a law prohibiting the sale of intoxicating liquors in the District of Columbia by any person without a license. The court held that by that act Congress did not intend to prohibit the continuance of such sales in the Capitol restaurants under arrangements with its own committees. (Page v. District of Columbia, 20 App. D. C. 469.)

The "police power" in our system of government has been exerted in accordance with the principle of another ancient maxim, "The welfare of the people is the supreme law." It is the inherent power of self-preservation possessed by every constitutional government. No definition of this power satisfactory to lawyers or courts has been given, but one excellent one was given in an informal way by the late Chief Justice White. He stated in substance that the police power is a power which is coextensive with the necessity for it. Typical definitions of a more formal sort follow:

The police power in its broadest acceptation means the general power of a government to preserve and promote the general wel-



fare by prohibiting all things hurtful to the comfort, safety, and welfare of society and establishing such rules and regulations for the conduct of all persons and the use and management of all property as may be conducive to the public interest. (22 Am. & Eng. Enc. Law, 916.)

The Supreme Court of the United States has held that—

The police power of States extends to the protection of lives, limbs, health, comfort, morals, and quiet of society. (83 U. S. (16 Wall.) 21, 394.)

Again:

It may be said in a general way that the police power extends to all the public needs. (*Camfield v. United States*, 167 U. S. 518, 42 L. Ed. 260, 17 Sup. Ct. Rpt. 864.) It may be put forth in aid of what is sanctioned by usage or held by the prevailing morality or strong and preponderant opinion to be greatly and immediately necessary to the public welfare. (*Bank v. Haskell*, 219 U. S. 104, 111, 55 L. Ed. 112.)

In the case of *Boston Beer Co. v. Massachusetts* (97 U. S. 25, 24 L. Ed. 989) the court said:

Whatever differences of opinion may exist as to the extent and boundaries of the police power, and however difficult it may be to render a satisfactory definition of it, there seems to be no doubt that it does extend to the protection of the lives, health, and property of the citizens and to the preservation of good order and the public morals. The legislature can not, by any contract, divest itself of the power to provide for these objects. They belong emphatically to that class of objects which demand the application of the maxim "*Salus populi suprema lex*," and they are to be attained and provided for by such appropriate means as the legislative discretion may devise. That discretion can no more be bargained away than the power itself. (*Boyd v. Alabama*, 94 U. S. 645, 24 L. Ed., 302.)

The police power under our constitutional system has been left to the States; it has at all times belonged to them, was never surrendered by them, and has not been directly restrained by the Federal Constitution. That proposition is too well established to call for supporting authorities. The legislative body can not be divested of its discretion to legislate under the police power; that power is not exhausted by a single employment of it, but may be used again and again, as often as the public interests may require.

Prohibition legislation falls under the police power and such measures are under the reserved powers of the several States. The police power of a State extends to all matters relating to the peace, health, safety, and morals of its citizens, and everything pertaining to its domestic economy. (*U. S. v. DeWitt* (9 Wall. 41, 19 L. Ed. 593); *Federalist*, No. 45, 216, *Passenger cases* (7 How. 523, 550); *Groves v. Slaughter* (15 Peters 512); *License Cases* (5 How. 589, 631); *Holmes v. Jennison* (14 Peters 568); *Gibbons v. Ogden* (9 Wheat. 203.)

Most persons have read about and heard of the eighteenth amendment, but few, indeed, have ever seen it. It is well for that reason to give it here.

#### AMENDMENT XVIII

##### SECTION I

After one year from the ratification of this article, the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all Territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

##### SECTION II

The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation.

The precise wording of the amendment justifies the following conclusions: First, there is no absolute mandate to Congress or the State legislatures to enact enforcing legislation; second, it recognizes and leaves unimpaired the police power of the States; and third, it leaves the propriety of enforcement acts to the discretion of the lawmaking bodies.

Exercising its concurrent power, Congress enacted the Volstead law, which provides (U. S. C., chap. 27, sec. 12) that—

No person shall manufacture, sell, barter, transport, import, export, deliver, furnish, or possess any intoxicating liquor except as authorized in the chapter—

And so forth.

The act defines the word "person" to mean and include natural persons, associations, copartnerships, and corporations.

It will be observed that the eighteenth amendment and the enforcing acts by Congress and State legislatures do and can only prohibit and penalize the manufacture, sale, and so forth, of intoxicating liquors by natural persons, as individuals, or as associates in one or another form of volunteer or corporate entities. The amendment, the Volstead Act, and the various State laws enacted under it, have not closed the door to Congress or the State legislatures against further exercise of their power to act again and again, as changing conditions may require, or as may be held by a "strong and preponderant opinion to be greatly and immediately necessary to the public welfare." There is nothing to prevent Congress or the State legislatures from setting up Federal or State machinery for working out some such a system as the "Anderson plan" to control and regulate the manufacture and distribution of intoxicating liquor.

On the contrary, the clear right of Congress or the several legislatures to do that very thing has been declared by the Supreme Court of South Carolina, and by the Supreme Court of the United States, as will be seen from the following cases:

3. The State, under its police power, can itself assume entire control and management of those subjects, such as intoxicating liquor, that are dangerous to the peace, good order, health, morals, and welfare of the people, even when trade is one of the instruments of such State control.

4. The South Carolina dispensary act of 1893, making all alcoholic liquors contraband and subject to seizure unless bought from a State officer whose appointment is provided for, and who is not addicted to the use of such liquors as a beverage, and providing that the liquors sold by him shall be tested and found pure before sale and can be sold only in the daytime and by the package which can not be broken nor the liquor drunk on the premises, and that no sale shall be made to a minor, person intoxicated, or in the habit of drinking to excess, or unknown to the dispenser, and that a majority of the voters in any township may prevent the establishment of a dispensary therein, is a valid exercise of the police power of the State.

7. The constitutional reservation to the people of all powers not delegated does not restrict the exercise of the police power so as to defeat the assumption by the State of the exclusive control and management of the sale of intoxicating liquors. (*State ex. rel. v. Aiken*, 42 S. C. 222, 3d, 4th, and 7th Syl.)

The United States Supreme Court recognized the right of South Carolina, in the exercise of its sovereign power, to take charge of the business of selling intoxicating liquors. (*State of S. C. v. U. S.*, 199 U. S. 437, 50 L. ed. 261.)

In all of these decisions the rights of the States in cases identical with the problem under consideration were recognized. It has become a legal commonplace for the State to do or refuse to do anything prohibited or enjoined to be done by others in our State or National statutes, so long as the State, as in the prohibition amendment and the Volstead Act, is not expressly mentioned as being bound. Each State undeniably has the right under existing laws to pass such legislation as it pleases to provide for the manufacture and sale within its borders of intoxicating liquors, all, of course, as an incidental part of its sovereign power. Each State may take over the entire intrastate liquor traffic as its exclusive province, and by virtue of the eighteenth amendment and the Volstead Act or by further State legislation stifle all bootleg competition. Upon the premise that the State is not expressly prohibited from such acts under the eighteenth amendment, the lawful exercise of this inherent right is scarcely open to dispute.

The cure for the beverage ills of the Nation, the prevalence of lawlessness, which is incidental to prohibition enforcement such as we have had, even a large portion of the misconduct and immorality of our younger generation—to whom drinking is not a pastime or a pleasure but seemingly a social obligation—the cure for these ills lies in the serious consideration of fundamental legal principles.

There is no need, as a matter of fact, to worry about the repeal of the eighteenth amendment or any of its enforcing legislation. Let them stand as a deterrent to the offenses which cling to the illicit private manufacture and sale of liquor. With State or Government control, attractive



profits would be eliminated, the purity and safety of the products assured, and the opportunities of the furtive purveyor of "white mule," "synthetic gin," "bottled in the barn," or the various kinds of "real stuff" would be rare, indeed. Better still, the long-running controversy would be either ended or relegated to the background of academic concern, and the professional lobbyists, both wet and dry, who obey the command of Iago, "Put money in thy purse; follow thou the wars," will be obliged to take on another line.

#### BRIDGE BETWEEN DAVENPORT AND MOLINE

Mr. JACOBSEN. Mr. Speaker, I ask unanimous consent to insert two letters in the RECORD. These are from the mayor of Davenport and a business man of that town. They are in relation to a bridge bill that was passed yesterday, and pertain to my statement that the city of Davenport has voted a bond issue for the construction of the bridge.

The SPEAKER. Is there objection?

There was no objection.

Mr. JACOBSEN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letters from the mayor of Davenport, Iowa, and a business man there pertaining to my statement yesterday that the city of Davenport has voted a bond issue for the construction of a bridge between Davenport and Moline:

JANUARY 28, 1932.

Congressman B. M. JACOBSEN,  
Washington, D. C.

HONORABLE SIR: Mr. J. L. Hecht, a member of the bridge commission, is forwarding to you a bill to extend the time limit on the building of a bridge between Davenport and Moline.

The people of Davenport voted for this bridge last summer at a special election, and it was carried by a vote of three to one.

We are very much interested in having this extension of time, due to the fact that the bonds will be revenue bonds and the market is none too good at the present time.

Please give this your consideration and cooperate with Congressman ALLEN, from Illinois, who I feel well satisfied will help you in having this time extended.

Sincerely yours,

GEORGE C. TANK, Mayor.

FRENCH & HECHT (INC.),  
Davenport, Iowa, February 13, 1932.

Hon. B. M. JACOBSEN,  
House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN: Replying to your favor of February 11, 1932, regarding request of Mr. RAYBURN, chairman Committee on Interstate and Foreign Commerce, asking for further information regarding activities in connection with the proposed bridge.

Considerable engineering has already been done. This engineering has included location of terminals, location of piers, length and number of spans, and the determination of other data as required by the Board of Army Engineers.

The city of Davenport, by special election, voted a municipal revenue bond issue for the purpose of financing this project and making it a municipal bridge. The individuals to whom this franchise was originally granted have entered into an agreement with the city of Davenport to the above effect.

The communication sent you by the mayor of Davenport also substantiates what is here said.

Arrangements have been made with a banking house to finance this proposition as soon as it is possible to do so.

Arrangements have also been made with the engineering firm of Modjeski, Masters & Chase to engineer and build the bridge.

We have held hearings before the Board of Army Engineers and have met all requirements. We now have a permit issued by the Board of Army Engineers to proceed with this work.

I should be pleased to give any further information desired.

Please be assured that your interest and attention in this matter are very much appreciated.

Sincerely yours,

J. L. HECHT.

Copy to Masslich & Mitchell, Mr. Masters, Mr. Chase, Mr. Harris.

#### LEAVE OF ABSENCE

Mr. GILBERT. Mr. Speaker, I have been absent from the House by reason of an automobile accident, which I regret, and by reason of certain litigation pending in Kentucky I feel constrained to ask leave of absence for an indefinite period.

The SPEAKER. Is there objection?

Mr. RAINEY. Mr. Speaker, we now have under consideration most important legislation. I sympathize with the gentleman and I have no doubt the business he desires to

attend to in Kentucky is of tremendous importance, otherwise he would not make this request. However, the gentleman is one of the effective Members of this House, and while I regret very much to do so, I am compelled to object.

#### PROPOSED AMENDMENT TO THE REVENUE BILL OF 1932

Mr. RAMSEYER. Mr. Speaker, I ask unanimous consent to have printed in the RECORD at this point, for the information of the Members, an amendment I propose to offer at the end of title 4 of the revenue bill.

The SPEAKER. Is there objection?

There was no objection.

The proposed amendment follows:

Page 250, line 24, after the word "Title," strike out the period, insert a colon, and add the following:

"Provided, That if at any time prior to June 30, 1934, the President finds that for a period of 60 days the average wholesale commodity price level is within 10 points as high as the average wholesale commodity price level of the year 1926, indicated by the figure 100 in the Revised Index of the Bureau of Labor Statistics of the Department of Labor, he shall issue a proclamation to that effect, and upon the issuance of such proclamation the provisions of this title shall cease to be in effect."

#### THE SALES TAX

Mr. BACHMANN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an editorial of the Wheeling Register under date of March 16 against the sales tax.

The SPEAKER. Is there objection?

There was no objection.

Mr. BACHMANN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

Speaking before the Republican State committee at its recent meeting in Parkersburg, Senator H. D. HATFIELD made a strong and unassailable case against the gross-sales tax. As he sees it—

"The gross-sales tax as applied in West Virginia is iniquitous, unfair, and unjust. In many instances it taxes the unprofitable business. It exacts duplication of taxation in the process of conversion of the raw material into the finished product. It taxes the hospitals that are never profit making. It taxes the new born and the dead alike in its application.

"It is ramifying in its application without a beginning or end. It exacts the same toll from the unprofitable as it does from the profitable business."

A more concise or accurate description of the gross-sales tax in West Virginia could hardly be given.

And every word that Senator HATFIELD says about the inequitable West Virginia measure applies with equal truth and force to the proposed manufacturers' sales tax which would be spread over the entire Nation.

If the manufacturers' tax were given its proper name it would be called not a manufacturers' tax but a consumers' tax.

No tax will be charged at the store, no tax bill will be handed over to the individual customer. Each transaction will be as before. But the tax nevertheless will be included in the price. It will be passed on from the manufacturer, the dealer, the retailer, directly to the buyer.

In other words, in this depressed year the people are to have their cost of living increased 2½ per cent, or more likely 5 per cent, as prices go up under cover of the tax.

If Congressmen running for reelection think they can load this new burden upon the straining backs of the American people and that it will go unnoticed, they are due for a surprise.

Congress is asking the American people for a billion and a quarter dollars under the new revenue bill. In return they have reduced governmental operating expenses the munificent sum of \$125,000,000.

A dime for a dollar! It is a wild assumption, in such a year, for anyone to think they can put over a deal like this and escape either notice or retribution.

#### SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 3237. An act to legalize a bridge across the Mississippi River at Grand Rapids, Minn.; and

S. 3322. An act to transfer certain jurisdiction from the War Department in the management of Indian country.

#### BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did, on March 21, 1932, present to the President, for his approval, a bill of the House of the following title:

H. R. 5315. An act to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes.



## ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 2 minutes p. m.), the House adjourned until to-morrow, Wednesday, March 23, 1932, at 12 o'clock noon.

## COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, March 23, 1932, as reported to the floor leader by clerks of the several committees:

## INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Railroad holding companies. Commissioner Eastman will appear (H. R. 9059).

## JUDICIARY

(10 a. m.)

Proposing an amendment to the Constitution relative to equal rights for men and women (H. J. Res. 197).

## LIBRARY

(10 a. m.)

To make available to Congress the services and data of the Interstate Legislative Reference Bureau (H. J. Res. 131).

## POST OFFICE AND POST ROADS

(10 a. m.)

To amend the air mail act of February 2, 1925, as amended, further to encourage commercial aviation (H. R. 9841, 8390).

## NAVAL AFFAIRS

(10.30 a. m.)

To authorize the disposition of the naval ordnance plant, South Charleston, W. Va. (H. R. 4657).

## EXECUTIVE COMMUNICATIONS, ETC.

499. Under clause 2 of Rule XXIV, a letter from the Secretary of the Treasury, transmitting a proposed draft of a bill to authorize telephone service in Government-controlled buildings on public health stations, was taken from the Speaker's table and referred to the Committee on Interstate and Foreign Commerce.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PATMAN: Committee on the District of Columbia. S. 3222. An act to amend an act approved March 3, 1917, known as the District of Columbia appropriation act for the year ending June 30, 1918; without amendment (Rept. No. 858). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARLAN: Committee on the District of Columbia. H. R. 6402. A bill to further regulate banking, banks, trust companies, and building and loan associations in the District of Columbia, and for other purposes; with amendment (Rept. No. 859). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARLAN: Committee on the District of Columbia. H. R. 8991. A bill to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Laws of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes; with amendment (Rept. No. 860). Referred to the House Calendar.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on Claims. H. R. 6501. A bill for the relief of Oswald Bauch; without amendment (Rept. No. 854). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 10294. A bill to authorize the Secretary of War to pay to R. B. Baugh, M. D., certain money due him for services rendered as a member of the local board of Smith County, Miss., operating during the World War; without amendment (Rept. No. 855). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 278. An act for the relief of Charles Parshall, Fort Peck Indian allottee, of the Fort Peck Reservation, Mont.; without amendment (Rept. No. 856). Referred to the Committee of the Whole House.

Mr. PETTENGILL: Committee on Military Affairs. H. R. 7191. A bill for the relief of Albert G. Dawson; without amendment (Rept. No. 857). Referred to the Committee of the Whole House.

Mr. EVANS of California: Committee on Naval Affairs. H. R. 620. A bill for the relief of Stephen A. McNeil; with amendment (Rept. No. 861). Referred to the Committee of the Whole House.

Mr. LANKFORD of Virginia: Committee on Naval Affairs. H. R. 792. A bill for the relief of William Joseph Vigneault; with amendment (Rept. No. 862). Referred to the Committee of the Whole House.

Mr. DREWRY: Committee on Naval Affairs. H. R. 1177. A bill for the relief of Peter E. Anderson; with amendment (Rept. No. 863). Referred to the Committee of the Whole House.

Mr. DRANE: Committee on Naval Affairs. H. R. 1936. A bill for the relief of Sydney Thayer, jr.; with amendment (Rept. No. 864). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 2907. A bill for the relief of Walter Sam Young; with amendment (Rept. No. 865). Referred to the Committee of the Whole House.

Mr. DREWRY: Committee on Naval Affairs. H. R. 5548. A bill for the relief of George Brackett Cargill, deceased; with amendment (Rept. No. 866). Referred to the Committee of the Whole House.

Mr. DRANE: Committee on Naval Affairs. H. R. 6409. A bill for the relief of William Joseph LaCarte; with amendment (Rept. No. 867). Referred to the Committee of the Whole House.

Mr. BARTON: Committee on Naval Affairs. H. R. 7263. A bill for the relief of Felix Maupin; with amendment (Rept. No. 868). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 7548. A bill granting six months' pay to Ruth McCarn; without amendment (Rept. No. 869). Referred to the Committee of the Whole House.

Mr. COYLE: Committee on Naval Affairs. H. R. 9231. A bill for the relief of George Occhionero; with amendment (Rept. No. 870). Referred to the Committee of the Whole House.

Mr. COYLE: Committee on Naval Affairs. H. R. 9326. A bill for the relief of John E. Davidson; without amendment (Rept. No. 871). Referred to the Committee of the Whole House.

Mr. DREWRY: Committee on Naval Affairs. H. R. 9355. A bill for the relief of David Schwartz; with amendment (Rept. No. 872). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1264. A bill for the relief of Henry Stanley Wood; without amendment (Rept. No. 873). Referred to the Committee of the Whole House.

## CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 8838) granting an increase of pension to George Bunch; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.



A bill (H. R. 9083) granting a pension to Mary Elliott; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CONNERY: A bill (H. R. 10739) to provide that the prevailing rate of wages shall be paid to laborers and mechanics employed on certain public works of the United States, the District of Columbia, the Territories, and the Panama Canal, and for other purposes; to the Committee on Labor.

By Mr. SIROVICH: A bill (H. R. 10740) to amend and consolidate the acts respecting copyright, and to codify and amend common-law copyright; to the Committee on Patents.

Also, a bill (H. R. 10741) to provide a permanent force to classify patents, etc., in the Patent Office; to the Committee on Patents.

By Mr. WICKERSHAM: A bill (H. R. 10742) to amend an act entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes," approved February 14, 1917 (39 Stat. L. 903); to the Committee on the Territories.

By Mr. WILSON: A bill (H. R. 10743) to require the purchase of domestic supplies for public use and the use of domestic materials in public buildings and works; to the Committee on Expenditures in the Executive Departments.

By Mr. EATON of Colorado: A bill (H. R. 10744) to authorize the issuance of patents for certain lands in the State of Colorado to certain persons; to the Committee on the Public Lands.

By Mr. CELLER (by request): A bill (H. R. 10745) to amend the national prohibition act, the act supplemental to the national prohibition act, the postal laws and regulations, and for other purposes; to the Committee on the Judiciary.

By Mr. COLTON: A bill (H. R. 10746) to provide for the compromise and settlement of the indebtedness of railroad companies to the United States arising under the provisions of Title II of the transportation act, 1920, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. DICKSTEIN: A bill (H. R. 10747) to amend the immigration act of 1924, as amended, to facilitate reunion of families, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. SIMMONS: A bill (H. R. 10748) for liquidating bonded and other outstanding indebtedness of the farmers' irrigation district, Nebraska; to the Committee on Irrigation and Reclamation.

Also, a bill (H. R. 10749) to authorize acceptance of proposed donation of property in Maxwell, Nebr., for Federal building purposes; to the Committee on Public Buildings and Grounds.

By Mr. BUCHANAN: A bill (H. R. 10750) to provide for a survey of the Brazos River, Tex., with a view to the prevention and control of its floods; to the Committee on Flood Control.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARENTZ: A bill (H. R. 10751) granting a pension to Mary L. Burritt; to the Committee on Pensions.

By Mr. BEEDY: A bill (H. R. 10752) for the relief of Charles R. Daggett; to the Committee on Military Affairs.

By Mr. BUCKBEE: A bill (H. R. 10753) granting a pension to Anna Bailey; to the Committee on Invalid Pensions.

By Mr. CABLE: A bill (H. R. 10754) granting an increase of pension to Rosalie O. Coy; to the Committee on Invalid Pensions.

By Mr. CARDEN: A bill (H. R. 10755) granting a pension to Mary J. Logsdon; to the Committee on Invalid Pensions.

By Mr. COLTON: A bill (H. R. 10756) for the relief of Clive Sprouse and Robert F. Moore; to the Committee on the Public Lands.

By Mr. CRAIL: A bill (H. R. 10757) granting an increase of pension to Margaret Cook; to the Committee on Invalid Pensions.

By Mr. DELANEY: A bill (H. R. 10758) for the relief of Mrs. Hugh J. Finn; to the Committee on Naval Affairs.

By Mr. FIESINGER: A bill (H. R. 10759) granting an increase of pension to Jennie Harding; to the Committee on Invalid Pensions.

By Mr. FLANNAGAN: A bill (H. R. 10760) for the relief of the heirs of Robert Bliss Keys; to the Committee on Claims.

By Mr. GARBER: A bill (H. R. 10761) for the relief of Robert N. Phelps; to the Committee on Military Affairs.

By Mr. GOODWIN: A bill (H. R. 10762) for the relief of William E. Crawford; to the Committee on Military Affairs.

By Mr. HOPKINS: A bill (H. R. 10763) granting a pension to Sarah O. Mastin; to the Committee on Pensions.

By Mr. JENKINS: A bill (H. R. 10764) granting a pension to Fred Tope; to the Committee on Pensions.

By Mr. KELLY of Illinois: A bill (H. R. 10765) for the relief of Paul Sullivan; to the Committee on Naval Affairs.

By Mr. LAMBERTSON: A bill (H. R. 10766) granting a pension to Joseph J. Lakin; to the Committee on Pensions.

By Mr. SIMMONS: A bill (H. R. 10767) granting a pension to Ida Feathers; to the Committee on Invalid Pensions.

By Mr. SWICK: A bill (H. R. 10768) granting an increase of pension to Emaline Reichenbach; to the Committee on Invalid Pensions.

By Mr. TIERNEY: A bill (H. R. 10769) for the relief of William Larson; to the Committee on Naval Affairs.

By Mr. TILSON: A bill (H. R. 10770) granting a pension to Bertha Jane Barnard Smith; to the Committee on Invalid Pensions.

By Mr. WOODRUM: A bill (H. R. 10771) for the relief of Allie T. Harwood; to the Committee on Military Affairs.

Also, a bill (H. R. 10772) granting a pension to Allie T. Harwood; to the Committee on Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4717. By Mr. ALMON: Petition of W. S. Minter, Bridgeport, Ala., together with 94 other railway employees on different railroad systems, requesting the support and vote of House bill 9891, as sponsored by the Railroad Employees' National Pension Association, which has for its purpose to provide adequate retirement pension for all persons employed by railroads, express, and Pullman companies that are subject to the regulatory powers of Congress over interstate commerce; to the Committee on Interstate and Foreign Commerce.

4718. By Mr. ANDREW of Massachusetts: Petition of Dr. A. E. Morrell and other citizens of Newburyport, Mass., protesting against the proposed Sunday observance bill (S. 1202); to the Committee on the District of Columbia.

4719. By Mr. ANDREWS of New York: Petition of 77 patients of the Niagara Sanatorium, urging passage of House bill 4743; to the Committee on Education.

4720. By Mr. BARBOUR: Resolutions adopted by Reserve Officers' Association and indorsed by various organizations and residents of the seventh congressional district of California, relative to appropriations affecting national defense; to the Committee on Appropriations.

4721. Also, petition of residents of Tulare County, Calif., protesting against bills providing for closing barber shops on Sunday in the District of Columbia; to the Committee on the District of Columbia.

4722. By Mr. BLANTON: Petition of the American Legion post and ex-service men and the leading business men and citizens of Strawn, Palo Pinto County, Tex., presented by W. L. Garner, editor Tribune; F. B. Stuart, president First National Bank; C. R. Whitaker, I. C. Watson, Page Baxendale, J. R. Anderson, Dalton & Carlisle, and Gaither & Anderson, committee, urging immediate payment in cash of the



adjusted-compensation certificates; to the Committee on Ways and Means.

4723. By Mr. CAMPBELL of Iowa: Petition of Ira Fountain, of Linn Grove, Iowa, and 95 other citizens and voters of Buena Vista County, Iowa, urging the passage of Senate bill 1197, known as the Frazier bill; to the Committee on Agriculture.

4724. By Mr. CORNING: Petition signed by Edith Hayward Thorne and other citizens of Albany, N. Y., opposing reduction of our national defense; to the Committee on Appropriations.

4725. By Mr. DAVENPORT: Petition of Group No. 2066 of the Polish National Alliance of the United States, New York Mills, N. Y., urging Congress to enact House Joint Resolution 144, directing the President of the United States to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4726. Also, petition of Meyer Rebeck, of Utica, and J. H. Graham, of Rome, N. Y., favoring the Oliver substitute relief bill for the relief of substitute postal employees; to the Committee on the Post Office and Post Roads.

4727. Also, petition of the Woman's Christian Temperance Union of Norway, N. Y., favoring the maintenance of the prohibition law and its enforcement, and opposing any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

4728. Also, petition of Fromia E. Bates, Julia Meyers, Enos H. Eades, E. E. Blackburn, Charles M. Root, and 125 others of Rome, N. Y., favoring the maintenance of the prohibition law and its enforcement, and opposing any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

4729. By Mr. EVANS of California: Petition and resolution adopted by the Stickney Woman's Christian Temperance Union, representing 415 members, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4730. By Mr. FULLER: Petition of C. E. Bunnell and 27 other residents of Berryville, Ark., urging support of a measure paying the adjusted-compensation certificates in full; to the Committee on Ways and Means.

4731. By Mr. GARBER: Petition of H. H. Valentine, of Oakland, Calif., and W. J. Thompson, 339 Gale Avenue, River Forest, Ill., urging support of House bill 9891, the railroad pension bill; to the Committee on Interstate and Foreign Commerce.

4732. Also, petition of Chapter No. 35, Railroad Employees' National Pension Association (Inc.), urging support of House bill 9891; to the Committee on Interstate and Foreign Commerce.

4733. Also, petition of the Alva Chamber of Commerce and Bell's Ice Cream Co., of Alva, and the Enid Ice & Fuel Co., and the Enid Cooperative Creamery, of Enid, Okla., protesting against the proposed imposition of tax on ice cream; to the Committee on Ways and Means.

4734. Also, petition signed by Joseph B. Thoburn, director Oklahoma Historical Society; C. H. Hyde, legislative representative, National Farmers Union; Oscar Ameringer, editor American Guardian; Mr. Porter, manager Oklahoma Broom Corn Growers Association; Mr. Arnett, chairman of board of trustees, Society for the Conservation of Life; George Bishop, founder Oklahoma Crop Improvement Association; Dan Hogan, president Leader Press; Campbell Russell; and James R. Garner, secretary Society for the Conservation of Life, urging substantial increase of the inheritance tax on the higher brackets and protesting against the proposed sales tax; to the Committee on Ways and Means.

4735. By Mr. GILCHRIST: Petition of 89 citizens of Garner, Iowa, protesting against an admission tax on the lower admission classifications, stating that it would be injurious and detrimental to the business in their community, and also that they felt that passage of this bill would cause closings of many theaters in their territory and further increase the number of unemployed; to the Committee on Ways and Means.

4736. Also, petition of 160 citizens of Britt, Iowa, protesting against an admission tax on the lower admission classifications, stating that it would be injurious and detrimental to the business in their community, and also that they felt that passage of this bill would cause closings of many theaters in their territory and further increase the number of unemployed; to the Committee on Ways and Means.

4737. Also, petition of Emil C. Ehlers and 23 other citizens of Crawford County, Iowa, urging the passage of Senate bills 2487, 3133, and 1197, providing for the fixing of the relative value of gold and silver, cost of production for farm products, and providing for the liquidating and refinancing of agricultural indebtedness, respectively; to the Committee on Banking and Currency.

4738. Also, petition of the Auxiliary Union to Adams Post, No. 119, American Legion, at Humboldt, Iowa, containing 23 names, respectfully requesting the passage of the American Legion bill to provide adequate pensions for widows and orphans of all deceased World War veterans; to the Committee on World War Veterans' Legislation.

4739. Also, petition of Alfred McCombs and 36 other citizens of Palo Alto County, Iowa, urging the passage of bills now before Congress designed to give aid and relief to agriculture; to the Committee on Banking and Currency.

4740. By Mr. HALL of Mississippi: Petition signed by 52 members of the Orville Carver Post, No. 100, American Legion, Poplarville, Miss., urging the immediate payment of the adjusted-service certificates without deduction of interest due on loans already made on such certificates; to the Committee on Ways and Means.

4741. By Mr. HANCOCK of New York: Petition of Thomas F. King and other residents of Onondaga County, N. Y., favoring the immediate payment in full of adjusted-service certificates; to the Committee on Ways and Means.

4742. By Mr. HARE: Petition of the Legislature of the State of South Carolina, memorializing the President and the Congress to pass a bill to pay the soldiers of the World War their adjusted-service certificates; to the Committee on Ways and Means.

4743. By Mr. HARLAN: Petition of Joe Spatz and others, protesting against the manufacturers' tax on malt sirup; to the Committee on Ways and Means.

4744. By Mr. HOPKINS: Petition transmitted by Frances Brown, Union Star, Mo., and signed by 22 leading citizens of Union Star and vicinity, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4745. By Mr. HOUSTON of Delaware: Petition of 44 residents of Marydel, Md. and Del., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4746. Also, petition of the Hockessin Woman's Christian Temperance Union, representing 40 people, Hockessin, Del.; to the Committee on the Judiciary.

4747. Also, memorial of Group No. 431 of the Polish National Alliance of the United States, with local headquarters at 200 South Adams Street, Wilmington, Del., and signed by W. Madej, president, John Perzanowski, secretary, and John W. Miklanewicz, treasurer; to the Committee on the Judiciary.

4748. Also, petition of 180 citizens of Milton, Del., urging the maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

4749. By Mr. JAMES: Petition of officers and members of Court North Star, Foresters of America, Calumet, Mich., through Anthony Landini, chief ranger, Clement P. Hammes, financial secretary, and William Mills, grand subchief ranger, committee; to the Committee on Ways and Means.

4750. Also, petition of Ancient Order of Foresters, Court Robin Hood, Calumet, Mich., petitioning for a tariff on copper; to the Committee on Ways and Means.

4751. By Mr. JENKINS: Petition signed by several merchants and citizens of Nelsonville, Ohio, petitioning Representatives of Ohio to give their support to amend the act of July 2, 1930, relating to protection of trade and commerce



against unlawful restraints and monopolies as provided in House bill 8930; to the Committee on Interstate and Foreign Commerce.

4752. By Mr. JOHNSON of Texas: Petition of Hon. J. R. Donnell and Hon. W. R. Bounds, of Hubbard; C. N. Williford, of Fairfield; and John B. Jones, of Blooming Grove, all in the State of Texas, opposing reduction of appropriation for Federal Farm Board and commending the Federal farm marketing act; to the Committee on Appropriations.

4753. Also, petition of 88 citizens of Hubbard, Tex., favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

4754. By Mr. LINTHICUM: Petition of Arthur I. Judge, editor the Canning Trade, Baltimore, Md., and others, opposing various sections of sales tax; to the Committee on Ways and Means.

4755. Also, petition of Steamship Trade Association, Baltimore, Md., urging passage of House bill 4648 and Senate bill 7; to the Committee on Immigration and Naturalization.

4756. Also, petition of John F. Nugent, of Baltimore, Md., and the Tupperlake Chapter, No. 121, Disabled American Veterans of the World War, Tupperlake, N. Y., urging passage of House bill 8578, World War widows' bill; to the Committee on World War Veterans' Legislation.

4757. Also, petition of the Texas Transport & Terminal Co. and the Wilbur F. Spice & Co., Baltimore, Md., protesting against the elimination of the sea service bureau, H. R. 10022; to the Committee on Appropriations.

4758. Also, petition of William G. Rohrbach, of Baltimore, Md., urging passage of House bills 5325 and 349; to the Committee on the Civil Service.

4759. Also, petition of Jarka Corporation of Baltimore, Baltimore, Md., protesting passage of House bill 8821, amending longshoremen's and harbor workers' compensation act; to the Committee on the Judiciary.

4760. Also, petition of Oriole Branch, No. 176, National Association of Letter Carriers, Baltimore, Md., urging passage of House bill 6183; to the Committee on the Post Office and Post Roads.

4761. Also, petition of Iberville Parish Health Unit, Plaquemine, La., urging passage of House bill 7525; to the Committee on Interstate and Foreign Commerce.

4762. Also, petition urging passage of House bill 4680; to the Committee on Expenditures in the Executive Departments.

4763. Also, petition of Herbert C. Fooks, of Baltimore, Md., urging passage of Senate bill 3112; to the Committee on Military Affairs.

4764. Also, petition of Colonel Theodore Roosevelt Camp, No. 6, United Spanish War Veterans, and Florence E. Bowles, of Baltimore, Md., urging passage of House bill 7230; to the Committee on Pensions.

4765. Also, petition of Baltimore Association of Commerce, Baltimore, Md., urging passage of House bill 6187; to the Committee on Public Buildings and Grounds.

4766. Also, petition of Montfaucon Post, No. 4, American Legion, and Sergeant Henry Gunther Post, No. 1858, Veterans of Foreign Wars, Baltimore, Md., urging passage of House bill 8578; to the Committee on World War Veterans' Legislation.

4767. By Mr. LONERGAN: Petition protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4768. By Mr. PERSON: Resolution of Group No. 2628 of the Polish National Alliance of the United States of America, Hamtramck, Mich., favoring the enactment of House Joint Resolution 144; to the Committee on the Judiciary.

4769. Also, resolution of Group 2481 of the Polish National Alliance of the United States of North America, Hamtramck, Mich., favoring the enactment of House Joint Resolution 144; to the Committee on the Judiciary.

4770. Also, resolution of Major John C. Durst Auxiliary, No. 15, United Spanish War Veterans, Lansing, Mich., indorsing and urging the passage of the Gasque bill (H. R. 7230); to the Committee on Pensions.

4771. Also, petition of 80 citizens of Detroit, Mich., and vicinity, protesting against House bill 8092; to the Committee on the District of Columbia.

4772. Also, petition of 336 citizens of Detroit, Mich., and vicinity, employees of the Railway Express Agency (Inc.), protesting against the proposed increase rate of postage on first-class mail; to the Committee on the Post Office and Post Roads.

4773. Also, petition of Charles R. Adair, Flint, Mich., and 28 others, favoring the plan for stabilizing prices through regulation of the volume of money in circulation, as proposed in the coinage act of 1932, offered by the American Monetary Reform Association; to the Committee on Banking and Currency.

4774. Also, resolution of Charles A. Learned Post, No. 1, American Legion, Detroit, Mich., favoring the immediate payment, without interest, of the unpaid portion of the adjusted compensation; to the Committee on Ways and Means.

4775. Also, resolution of Capt. David L. Kimball Camp, No. 51, United Spanish War Veterans, Pontiac, Mich., indorsing House bill 7230; to the Committee on Pensions.

4776. Also, resolution of Maj. John C. Durst Camp, No. 40, United Spanish War Veterans, Lansing, Mich., indorsing and favoring the passage of the Gasque bill, H. R. 7230; to the Committee on Pensions.

4777. Also, resolution of Group 1676 of the Polish National Alliance of the United States of North America, Hamtramck, Mich., favoring the enactment of House Joint Resolution 144; to the Committee on the Judiciary.

4778. By Mr. PETTENGILL: Petition of Susan Armstrong, of Grass Creek, Ind., and 95 others, opposing compulsory Sunday observance; to the Committee on the District of Columbia.

4779. By Mr. RUDD: Petition of Local 802, A. F. of M., New York City, opposing the 10 per cent tax on theaters and favoring the Connery amendment; to the Committee on Ways and Means.

4780. Also, petition of Royal Undergarment Co., New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4781. Also, petition of Star Maid Dresses (Inc.), New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4782. Also, petition of Scovell-Wellington Co., New York City, opposing the proposed tax on imported gasoline, fuel oil, etc.; to the Committee on Ways and Means.

4783. Also, petition of Meyer Dorfman, Brooklyn, N. Y., opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4784. Also, petition of Michael Cooper, New York City, protesting against the manufacturers' sales tax; to the Committee on Ways and Means.

4785. Also, petition of L. Wohl & Co., New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4786. Also, petition of Weiss & Williams, New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4787. Also, petition of Gotham Children's Underwear Co., Brooklyn, N. Y., opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4788. Also, petition of Fine Form Brassiere Co. (Inc.), New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4789. Also, petition of Priscilla Corset Co., New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4790. Also, petition of Bedford Dress Co., New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4791. Also, petition of Holland Hessol Co. (Inc.), New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.



4792. Also, petition of Oxford Dress Co., New York, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4793. Also, petition of New York Typographical Union, No. 6, favoring the Connery bill, H. R. 7926; to the Committee on Labor.

4794. By Mr. SELVIG: Petition of 80 members of the American Legion Auxiliary, No. 27, Warren, Minn., urging enactment of widows and orphans' bill without the "need" clause; to the Committee on World War Veterans' Legislation.

4795. Also, petition of Adolph Bakke, of Newfolden, Minn., supporting various proposals aiding widows and orphans and the World War veterans; to the Committee on World War Veterans' Legislation.

4796. Also, petition of J. M. Paulson and Simon Ellefson, of Lancaster, Minn., urging immediate cash payment of adjusted-compensation certificates; to the Committee on Ways and Means.

4797. Also, petition of Charles F. Lotterer and 29 other veterans of Perham, Minn., urging cash payment of face value of adjusted-compensation certificates; to the Committee on Ways and Means.

4798. By Mr. SNOW: Petition of G. L. Newcomb and other citizens of Westfield, Me., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4799. Also, petition of H. W. Braley and other citizens of Mapleton, Me., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4800. By Mr. SUTPHIN: Petition of Allied Theater Owners of New Jersey (Inc.), opposing admission tax on theater tickets; to the Committee on Ways and Means.

4801. Also, petition of the Board of Education of Jamesburg, N. J., opposing the sales tax on oil; to the Committee on Ways and Means.

4802. Also, petition presented by the Chamber of Commerce of New Brunswick, N. J., opposing tax burdening the use of highways; to the Committee on Interstate and Foreign Commerce.

4803. By Mr. SWANSON: Petition of O. B. Walters, Edna Whitney, William R. Allis, and others, favoring the imposition of a tax on imported gasoline, fuel oil, and crude oil; to the Committee on Ways and Means.

4804. By Mr. SWICK: Petition of J. Wilbur Randolph Post, No. 157, American Legion, Ellwood City, Lawrence County, Pa., R. Wayne Baird, adjutant, requesting the Government of the United States of America cause to be paid to all persons holding adjusted-compensation certificates of the United States the principal sums of money represented thereby or to become due thereby by proper legislative enactment authorizing such payments to be made, and that immediate steps be taken looking to the preparation and passage of required Federal legislation authorizing and directing immediate payment of World War adjusted-compensation certificates; to the Committee on Ways and Means.

4805. By Mr. TEMPLE: Petition of a number of residents of Avella, Washington County, Pa., supporting the Davis-Kelly bill to regulate interstate and foreign commerce in bituminous coal; to the Committee on Interstate and Foreign Commerce.

4806. Also, petition of M. F. Warner, of Langeloth, Pa., advocating a tariff on copper; to the Committee on Ways and Means.

4807. By Mr. TIERNEY: Petition protesting against a tax on crude petroleum and petroleum products, including fuel oils; to the Committee on Ways and Means.

4808. Also, petition protesting against a tax on imported crude oil and gasoline; to the Committee on Ways and Means.

4809. Also, petition protesting against Federal taxation and reduction of maintaining Federal Government; to the Committee on Ways and Means.

4810. Also, petition urging a change in the prohibition law; to the Committee on the Judiciary.

4811. Also, petition protesting against the enactment of Senate Concurrent Resolution 11 and House Concurrent Resolution 16, reduction of Federal maintenance, etc.; to the Committee on Agriculture.

4812. Also, petition favoring protection of grizzly and brown bears of Admiralty Island, Alaska; to the Committee on Agriculture.

4813. Also, petition protesting against the sales tax; to the Committee on Ways and Means.

4814. By Mr. WILLIAMS of Texas: Petition of the Democratic Territorial central committee of Honolulu, Hawaii, opposing any and all measures which discriminate against the people of Hawaii and favor the employing of Filipinos on plantations instead; to the Committee on Insular Affairs.

## SENATE

WEDNESDAY, MARCH 23, 1932

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

Almighty God, our Heavenly Father, who dost bind us to life by sweet and holy ties, twining the tendrils of our hearts around loved ones and friends; make us so to love the blessed things Thou dost impart by voices and by silences, in moments of illumination and in hours of obscurity, through pleasure and through pain, in the labor to which we are compelled and in the sickness that interrupts our labor, in the experience that brings strength and in the temptation that lays bare our weakness, that being taught of Thee from day to day we may be found faithful in every relationship of life.

Speak peace to the hearts of all who are afflicted or distressed in our beloved Southland, and do Thou comfort and relieve them according to their several necessities, giving them patience under their sufferings and a happy issue out of all their afflictions.

We ask it for the sake of Him whom Thou hast sent to bear our griefs and carry our sorrows, Jesus Christ, Thy Son, our Lord. Amen.

## THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Monday last, when, on request of Mr. FESS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

## CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Jones	Robinson, Ind.
Austin	Couzens	Kean	Schall
Bailey	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Smith
Barkley	Dill	Lewis	Steiwer
Bingham	Fess	Logan	Thomas, Idaho
Black	Fletcher	McGill	Thomas, Okla.
Blaine	Frazier	McKellar	Townsend
Borah	George	McNary	Trammell
Bratton	Glass	Metcalf	Vandenberg
Brookhart	Glenn	Morrison	Wagner
Broussard	Goldsborough	Moses	Walcott
Bulkeley	Gore	Neely	Walsh, Mass.
Bulow	Harrison	Norbeck	Walsh, Mont.
Byrnes	Hatfield	Norris	Waterman
Capper	Hayden	Nye	Watson
Caraway	Hebert	Oddie	Wheeler
Carey	Howell	Pittman	White
Coolidge	Hull	Reed	
Copeland	Johnson	Robinson, Ark.	

Mr. TOWNSEND. I desire to announce that my colleague the senior Senator from Delaware [Mr. HASTINGS] is unavoidably detained from the Senate. I will let this announcement stand for the day.

Mr. SHEPPARD. I wish to announce that my colleague the junior Senator from Texas [Mr. CONNALLY] is necessarily absent because of a death in his family.